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MERCANTILE INTERMEDIARIES IN A COLONIAL SPATIAL SYSTEM:

WHOLESALING IN KENYA, 1830-1940

by

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Submitted in partial fulfillment

of the requirements for the degree of

Doctor of Philosophy

Faculty of Graduate Studies

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ABSTRACT

This study analyzes, within a conceptual framework, the locational evolution of the mercantile intermediary function in a colonial spatial system. The first part provides the conceptual and the socio-political context; in the second part, the evolution of the locational pattern of wholesaling in Kenya is analyzed. The study period extends from approximately 1830 to 1940. Data for the empirical evidence were obtained from archival sources in Kenya and London, England.

As has been demonstrated by contemporary researchers such as Vance, Pred, Code and others, location behavior of mercantile intermediaries cannot be adequately explained in terms of Christaller's central place theory. The role of information availability is a vital factor that has been neglected. The locational evolution of wholesaling is also a reflection of the broader process of economic development and, more particularly, the spatial incidence of this development process. One should take into account the socio-political context of the exogenous system within which wholesaling evolves; in the case of this study, this means the authority-dependency relationship between East Africa and its external trading partners.

The empirical part of the study, which by far is the largest, is structured within a temporal as well as a spatial framework. Beginning in the 1830's, Zanzibar had emerged as the primate entrepot of long-distance trade in East Africa. Polarization of mercantile

intermediary activities on Zanzibar then was to a large extent a function of its superior information availability compared with other east coast port cities. Its patriarch ruler was tolerant towards alien traders. It was largely through the initiative of Indian traders resident at Zanzibar and Indian finance that diffusion of long-distance trade had been achieved on the East African mainland. The caravan system of trade that was organized from Zanzibar through Indian entrepreneurship and based on kinship and communal networks made Zanzibar the conflux of information pertaining to this trade. For this reason, East Africa's external trading partners found it most convenient and efficient to deal with Zanzibar merchants.

A shift of the entrepot function from Zanzibar to Mombasa took place at the turn of the century, and subsequently a forward projection of this function occurred from Mombasa to Nairobi during the interwar period. Such a development in the evolution of the locational pattern of wholesaling was precipitated by information availability associated with simultaneous innovations in transportation and communication technology and the related pattern of route development, and also with innovations in, and expansion of, the export base.

The collapse of the caravan system of trade, consequent on European scramble for Africa, cut off the supply of commercial intelligence to Zanzibar merchants and Zanzibar's entrepot role became increasingly redundant. The pattern of route development associated with subsequent innovations in transportation and communication technology, brought about a locational shift of the wholesale-trading complex from Zanzibar, the seaward terminus of the caravan routes into the interior, to Mombasa, the seaward terminus of the new railway and telecommunication corridor. Thus, a new intelligence system was built up for catering to the trade in imported cotton piece goods in exchange for agricultural produce from the lake basin enclave of African peasant agriculture located at the railhead. Compared with other coastal port centres, Mombasa developed as the superior intelligence centre for location of the intermediary activities catering to this trade due to an early start, accessibility to a large and productive hinterland and the associated pattern of Indian commercial expansion over its hinterland. Proliferation of the activities of Mombasa based firms coupled with progressive diffusion of the trading frontier through the medium of the Indian trader and extension of the transportation network in the lake basin enclave led to continuing expansion of long-distance trade. This, in turn, led to increasing information superiority of Mombasa and further expansion of its intermediary function. As had been the case with Zanzibar during the preceding century, continued polarization of mercantile intermediary activities on Mombasa was further enhanced by the periodic nature of this trade and the associated system of financing that had evolved in East Africa.

The development of an entrepot function at Nairobi during the interwar period, despite the existence of a similar function already at Mombasa, was largely due to the different information inputs required to cater to the relatively new, racially different and economically fragile enclave of settler agriculture in the White Highlands of Kenya. Because of the large degree of uncertainty involved in the export/import trade generated by this enclave, large information inputs were required to cater to this trade. For a number of reasons, Mombasa provided limited locational incentives for firms catering to this trade, while Nairobi provided superior locational incentives. Consequently, a forward projection of certain wholesaling functions took place from Mombasa to Nairobi. Concurrently, with increasing internalization of trade in settler agricultural produce and the organizational adaptation necessitated with respect to the import trade in East Africa handled by agent middlemen, the hinterlands of Nairobi and Mombasa became, to a degree, overlapping.

The aforementioned interpretation for the locational evolution of wholesaling in Kenya seems to be more convincing than an explanation based on the assumption of threshold fulfillment advocated by Christaller. A model is proposed in an attempt to conceptualize the causal factors that have contributed to the locational behavior of mercantile intermediaries in the evolution of colonial spatial systems.

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CHAPTER I

INTRODUCTION

In the economies of many underdeveloped countries,[1] the distributive sector consisting of a wholesale-trading complex and associated retail activities, occupies a very important place.[2] The wholesaling function is polarized usually on a few large urban centres and/or primate cities, reflecting a high degree of commercial primacy.[3] The last ten decades have witnessed the growth of such commercially primate cities along the maritime fringe of Africa, Asia and Latin America. Much has been written about the problems which confront these large urban centres; however, relatively little is known about the processes which have led to the phenomenon of commercial primacy in underdeveloped countries. Such a primate pattern of urban development is also thought

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[1]The term 'underdeveloped countries' is used in this study to refer to those countries, mainly located in Asia, Africa and Latin America, which have relatively low per capita incomes and all the associated syndromes of poverty compared with the developed countries such as the United States and Sweden. Since most underdeveloped countries were at one time colonies of the different European empires, the term 'underdeveloped countries' is used interchangeably with 'colonial spatial systems'.

[2]For instance, see T. G. McGee, The Urbanization Process in the Third World: Explorations in Search of a Theory (London: G. Bell and Sons, Ltd., 1971).

[3]M. Jefferson, "The Law of Primate City," Geog. Review, Vol. 29 (1939), pp. 226-232. In this study, the term 'commercial primacy' will be used to mean polarization of commercial activities on a few urban nodes of a country.

to be related to the problems of regional disparities that plague many underdeveloped countries.[1] Polarization of commercial and industrial activities on a relatively few urban nodes has also been a common feature of the pioneer phases of economic development in countries such as the United States, Canada and Australia.[2]

The general aim of the study is to further an understanding about the processes which lead to the phenomenon of commercial primacy in colonial spatial systems. The study focusses specifically on the role of mercantile intermediaries because their activities are considered to be an important sector of the economic base of most primate cities in such systems; growth in other sectors, such as industry and retailing, is, to a significant extent, a function of the wholesale-trading complex of these cities.

This study has been prompted by two interrelated considerations. The first consideration is the possible interrelationship between evolution of mercantile intermediary activities and the emergence of commercial primacy in Kenya of Mombasa and Nairobi. It is fairly widely accepted now that efficiently organized spatial systems could play a key role in furthering many of the developmental objectives of the less developed countries. However, as pointed out above, an understanding

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[1] M. I. Logan, "The Process of Regional Development and Its Implications for Planning," Nigerian Geographical Journal, Vol. 3 (1970), pp. 109-120.

[2] E. Ullman, "Regional Development and Geography of Concentration," Papers and Proceedings of the Regional Science Association, Vol. 4 (1958), pp. 179-198. R. J. Johnston, "Commercial Leadership in Australia," The Australian Geographer (1966), pp. 49-52. R. J. Johnston and P. J. Rimmer, "Commercial Leadership in New Zealand," New Zealand Geographer, Vol. 23 (1967), pp. 165-168.

of the processes which lead to the phenomenon of commercial primacy is, as yet, not clearly formulated, and it is only recently that concerted attention has been focussed on the spatial dynamics of urban development. The second consideration is an apparent inadequacy in the application of the central place model of Christaller[1] to explain satisfactorily the locational evolution of mercantile intermediary activities in Kenya. The model is commonly accepted as a methodological framework for regional planning in many underdeveloped countries with a colonial heritage such as Kenya. It is felt that one should have a clear understanding of the locational processes which have led to the evolution of the Kenyan spatial-economic system before adopting the use of this model as a planning tool.

1.1 Commercial Primacy in Kenya

The analysis of Kenya's gross domestic product shows that in the recorded monetary economy in 1960, "wholesale and retail trade" contributed £29 million toward a total of £175 million. Contributions of other main sectors in the economy were: agriculture, livestock, forestry and fishing, £40 million; manufacturing, £22 million; construction, £8 million; transport, storage and communications, £20 million; general government, £23 million; and services, £16 million.[2] As can be seen from the above, the distributive sector of wholesale and retail

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[1] W. Christaller, Central Places in Southern Germany, trans. C. Baskin (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1968).

[2] Kenya, Survey of Distribution 1960 (Nairobi: Economics and Statistics Division, Ministry of Finance and Economic Planning, Nairobi), p. 1.

trade occupies a most prominent place in Kenya's economy in terms of its contribution to the gross domestic product.

Two additional features of wholesaling are worth taking note of in the context of location of this activity in Kenya: its extreme concentration in the two cities of Mombasa and Nairobi; and its dependence upon Kenya's external trade.

The extent of polarization on Nairobi and Mombasa of wholesale trade and the associated mercantile decision-making in Kenya is indicated in Table 1.1,[1] which is based on a Survey of Distribution carried out in 1960, the first such survey undertaken in the country.[2] The extent of commercial primacy in Kenya is also reflected in the high concentration of the Asian population[3] in these two urban centres (Table 1.2). This is an indication of their deep involvement in the distributive activities of the country's economy and, generally, of their key role in the evolution of these activities.

In view of the dependence of wholesaling in Kenya upon the country's external trade, any attempt to describe and analyze the location of this intermediary function involves a close study of Kenya's historical economic geography, particularly the evolution of its long-distance or external trade flows. As the Survey of Distribution pointed out:

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[1]It should be noted that all tables in this study are placed at the end of the chapter to which they pertain.

[2]Kenya, Survey of Distribution, 1960, op. cit., p. 16.

[3]In this study, the terms 'Indian' and 'Asian' are used synonymously, as is the normal practice in East Africa, to refer to the people originating from the Indian sub-continent.

> It is clear that there must be a very close relationship between the level of external trade and the level of activity in the distributive trades in Kenya, for the value of products handled which do not at some stage enter into external trade is small being almost entirely restricted to certain agriculture products. Local manufacturing is mainly concerned with processing of imported raw materials and the processing of agricultural produce for export.[1]

A geographical study of the evolution and organization of long-distance trade, therefore, should provide an understanding of the reasons for, and interpretation of, the bipolarization of this mercantile intermediary function on Nairobi and Mombasa.

1.2 Objectives and Scope of the Study

The aim of this study is to provide an analytical explanation and conceptualization for the location of the mercantile intermediary function of wholesaling in Kenya, particularly with respect to the processes that have shaped its locational pattern. Not only is it the objective of the study to understand how wholesaling works, but also why it works where it does. The long and persistent ties found in wholesaling indicate that historical events have greatly influenced the shaping of long-distance trade flows, and experience and tradition have been important causal factors in the determination of the spatial morphology of this mercantile intermediary function in Kenya. For this reason, the study is structured within a temporal, as well as a spatial, framework, commencing in the 1830's, at which time Zanzibar, the precursor to Mombasa, had begun to emerge as the primate entrepot of East Africa. The locational changes that have taken place in the evolution of the

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[1] Kenya, Survey of Distribution, 1960, op. cit., p. 16.

wholesale-trading complex in Kenya since that time until 1940, as covered in this study, emphasize further the need to adopt an unusually long-time perspective in studies dealing with the location of mercantile intermediaries. The function of wholesaling is also an integral aspect of the overall growth process of an economy and, in fact, an important indicator of economic growth. Hence, the expansion and location of the wholesale-trading complex in Kenya has been closely intertwined with locational trends in other sectors of the economy and will be treated as such in this study.

An attempt is made in the following chapters to enquire into the question why a major wholesaling function developed initially at Zanzibar during the second half of the 19th century and to provide an interpretation for the shift of this function from Zanzibar to Mombasa at the turn of the century and the subsequent "forward projection" of this function to Nairobi during the interwar period. The hypothesis advanced to explain the causality of location of the mercantile intermediary function differs considerably in its premises from that of the threshold fulfillment assumption of central place theory and from the related work on metropolitan evolution popularized by Gras.[1] With higher level distributive activities, the demand by consumers for minimization of distance to purveyors of goods and services has never been that strong. This has been so for two reasons.

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[1]Gras's work on metropolitan evolution, in its emphasis on endogenic change and the idea of threshold (although not expressed as such) is not substantially different from that espoused by central place theory. N.S.B. Gras, Introduction to Economic History (New York: Harper and Brothers, 1922).

Firstly, as has been shown by Vance, the demand catered to by wholesalers is largely an accumulated demand, susceptible to periodic satisfaction and therefore capable of transcending long distances.[1] Wholesaling, unlike retail trade, does not depend upon over-the-counter sales and is, thereby, able to disregard some central tendencies characteristic of retail trade and to substitute formally and intricately structured linkages with its customers. The fundamental connective quality of wholesaling enables a wholesaler to locate closer to the source of the supplies in which he deals or nearer to the larger group of his customers. Far from being a determinate solution such as retail gravitation offered in the central place theory, a range of choices are open to him. The choice of solution is determined, as will be demonstrated in this study, by the role of such related factors as experience, commercial intelligence, tradition and political influence.

Secondly, the need on the part of wholesalers, like other mercantile intermediaries, for accessibility to their customers has been greatly overshadowed by the need for access to valuable information, a need which they found best satisfied by locating close to one another in a few large nodes.[2] The success of a wholesale entrepreneur is dependent upon his ability to appraise non-local market conditions; that is, to be able to predict correctly the locale, time and size of future markets. The intelligence complex developed on the basis of shared knowledge and

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[1] J. E. Vance, The Merchant's World: The Geography of Wholesaling (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970), p. 23. By 'accumulation of demand' is meant the total demand for a good by one purchaser over a long period of time, such as a year or even more.

[2] Ibid., p. 149.

experience in early established mercantile communities constitutes a valuable source of information for a wholesaler to carry out his function. For this reason, "in wholesaling there is a greater tendency for competition to emerge within the initially important city than in some advanced spot closer to an outlying part of the market."[1] As a result, "points of initiation" assume great importance in wholesale location, thus facilitating its continued polarization on a few nodes.

A number of writers have also shown, in related contexts, the tendency for continued spatial concentration of mercantile and associated industrial activities on already existing large urban centres which had established their dominance in the first place due to some initial advantages possessed by them.[2] The tendency for continued concentration outweighs the reverse trend towards diffusion of these activities into other centres which, for instance, may not have had the benefit of an early start. The two most important reasons identified as leading towards such a pattern of location behaviour are the need for availability of intelligence which can only be acquired through face-to-face contact and the pull of agglomeration economies.[3] Because of

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[1] Idem.

[2] Examples of some of these studies, which will be discussed in greater detail in Chapter II, are A. R. Pred, The Spatial Dynamics of U.S. Urban-Industrial Growth, 1800-1914: Interpretive and Theoretical Essays (Cambridge, Mass.: The M.I.T. Press, 1966); A. R. Pred, Urban Growth and the Circulation of Information: The United States System of Cities, 1790-1840 (Cambridge, Mass.: Harvard University Press, 1973); G. Tornqvist, Flows of Information and the Location of Economic Activities, Lund Studies in Geography, Series B, Human Geography, No. 30 (Lund: C. W. K. Gleerup, 1968).

[3] Pred (1966), op. cit.; H. E. Richardson, Regional Growth Theory (New York: John Wiley and Sons, 1973).

locational inertia, this build-up becomes self-sustaining through circular and cumulative feedback processes of growth.[1] Under certain circumstances, as has been shown with respect to the location of financial intermediaries, a forward projection to new decision-making nodes may occur as a result of an inadequate flow of intelligence to existing centres from a new, spatially removed market.[2] The evolution of a new financial centre is thus seen as being primarily a function of the demands for information of a particular activity and the relative availability of necessary, immediate information in an existing node as opposed to new sites nearer to the frontiers of development.

In this study, the evolution of the geography of wholesaling in Kenya is interpreted largely in terms of the organizational adaptations resulting from the need to acquire information to cater to the different systems of long-distance trade that ~~have~~ developed in East Africa. This led to the creation of separate centres of wholesaling, each characterized by a distinct but spatially overlapping intelligence complex. Simultaneously, and with increasing economic maturity, the hinterlands of these centres did not remain distinct and mutually exclusive and tended to overlap for certain types of distributive functions.

The role of cities as a communications mechanism has been

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[1] As discussed by Myrdal. G. M. Myrdal, Economic Theory and Underdeveloped Regions (London: Methuen, 1957), p. 13.

[2] W. R. Code, The Spatial Dynamics of Financial Intermediaries: An Interpretation of the Distribution of Financial Decision Making in Canada. Ph.D. Dissertation, University of California, Berkeley, 1971 (forthcoming: University of Toronto Press).

stressed as a key factor in explaining their growth.[1] Differential growth of cities may, in many cases, be explained by the spatial pattern of information flow at crucial periods in the city's history. Since wholesaling, like other mercantile activities such as finance, has been shown to be a communications-oriented function, a study of causality of its location patterns should provide useful insights in attempting to understand the role that information might play in the overall growth of cities.

1.2.1. Types of Wholesaling in Kenya

Although the main concern in this study is with the wholesaling aspect of the mercantile intermediary function, one cannot isolate wholesaling completely from other intermediary activities, especially finance. In Kenya, these two activities have evolved inter-dependently.

As Vance has indicated, there is no precise definition of the term 'wholesaling' because of the many literary connotations of the word.[2] If the purchaser uses the goods in pursuit of his trade rather than simply to satisfy personal or family needs, the transaction is normally considered as wholesaling, whether actual resale takes place or not. One could define a number of different types of wholesaling. Type, in this sense, means specifically the manner in which the merchant conducts his business and the relation he bears to sources of his supply and the location and organization of his purchasers.[3] The present

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[1]R. L. Meier, A Communications Theory of Urban Growth (Cambridge, Mass.: The M.I.T. Press, 1962); J. R. P. Friedmann, "An Information Model of Urbanization," Urban Affairs Quarterly, Vol. 4 (1968), pp. 235-244.

[2]Vance, op. cit., p. 23.

[3]Ibid., p. 27.

study will be concerned mainly with the following three types of wholesaling in Kenya: the merchant middlemen, the agent middlemen and producers' marketing co-operatives.

It should be noted, however, that with the exception of marketing co-operatives, the distinction in Kenya between the various types of wholesaling was often blurred. This should not surprise one in any way, however, because, on account of the small size of the market, "commodity combining" was a common feature of trade. A merchant wholesaler in piece goods, for instance, might be a manufacturer's representative for other lines for which demand was not high enough to justify carrying stocks. He might also be acting at the same time as a commission agent in the produce trade.

THE MERCHANT MIDDLEMEN

The standard image of a wholesaler is represented by this merchant. He acts as a distributor primarily engaged in buying, taking title to and, where customary, physically storing and handling goods made by others and selling the goods principally to retailers, other merchants or to industrial, institutional, and commercial users.[1]

THE AGENT MIDDLEMEN[2]

This group collectively consists of manufacturers' representatives, commission agents and brokers. A manufacturer's representative or agent acts as an appointed sales agent for one or more manufacturers

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[1]Based on Ibid., p. 28.

[2]Idem.

on a commission basis. Thus, a manufacturer's representative deals in orders rather than goods.

The activities of produce brokers and commission agents are mainly confined to helping find markets for agricultural produce on a commission basis. In the past, like some merchant firms in East Africa, they also acted as financiers of producers in order to corner the market for a particular type of produce. As is the case with the manufacturers' representatives, the main function of this class of intermediary is in providing information to the manufacturers and producers as well as to potential customers, thus helping to maintain a "market" in a particular product. "In knowing what goods will be needed sometime in the future and placing anticipatory orders, in judging where the desire for goods will be largest or strongest, and in directing the flow in that direction, does the broker earn his hire."[1]

PRODUCERS' MARKETING CO-OPERATIVES

In Kenya, this was a distinct class of intermediary among the settler farmers whose main function was the assembly and marketing of farm produce.

1.3 Research and Study Structure

The study consists of two major parts. In the first section, a conceptual and socio-political context is provided, based on selected existing literature related to location of mercantile intermediary activities. Recourse is made to a fairly wide range of literature that was felt to be relevant for this purpose. In the

[1] Ibid., p. 31.

second part of the study, which by far is the largest, empirical evidence, based on data obtained mainly from several archival sources in Kenya and England (see Appendix A), has been used to analyze the pattern of development of long-distance trade and the location of the mercantile intermediary function in Kenya. The geographical scope of the study, however, extends beyond the boundaries of Kenya, since Kenya forms a part of the broader East African economic region. The analysis is carried out within the conceptual and socio-political framework presented in the first part of the study.

Much has been said regarding the countless problems of data availability to researchers working in underdeveloped countries. All that needs to be added here is that this problem is compounded many times in a study such as this one seeking a historical depth on commercial organization. Similar studies done in North America have had access to a wealth of secondary material on economic history and well documented public and business archival sources.[1] This is not the case in East Africa. In the absence of adequate cataloguing, the author had, in many cases, to start "from scratch" using very scattered data sources to build up a picture of the economic history of this region before being able to interpret the evolving locational patterns of commercial organization. Since private archival sources are extremely scarce, a somewhat heavy reliance had to be placed on public sources. These public, or official, sources have, however, a tendency to ignore the organizational aspects of commerce mainly because of the lack of

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[1]For instance, Pred (1966), op. cit.; Pred (1973), op. cit.; Code, op. cit.

knowledge about these matters and also because of the pre-occupation with matters related to administrative functions. The official trade reports by trade commissioners and consular attachees are somewhat an exception in this respect.

Hence in a study such as this one, there are bound to be data gaps and some of the data are undoubtedly imperfect. One of the major problems was the absence of periodicity in data availability. Thus, great care has to be exercised in drawing conclusions based on such imperfect information.

On the basis of empirical findings of the study and using insights obtained from the broader body of literature pertaining to mercantile intermediaries, a model of the process of growth of the wholesale-trading complex of primate cities in colonial systems is presented. Rather than being viewed as conclusive, this model and its implied generalizations should be seen as exploratory and subject to refinement as further data may become available.

The study is organized as follows. In Chapter II, the conceptual context of the study is introduced. The location problem in wholesaling is discussed first, followed by a review of the role of information in location decision-making. Since wholesaling does not evolve in isolation from other sectors of the economy and is an integral part of spatial growth processes, the third section of that chapter examines the general relevance of models dealing with spatial incidence of growth.

In Chapter III, the socio-political context within which wholesaling has evolved in East Africa, is described and the nature of the authority-dependency relationship between East Africa and its trading partners is examined in a historical setting. The discussion is divided into two sections: the period of oriental colonialism in East Africa that lasted until about 1880; and the period of European colonization of East Africa from 1880 onwards, which is also the period of East Africa's most intensive contact with foreigners.

Chapters IV to VII form the empirical part of the study. Chapter IV contains an examination of the organizational characteristics of long-distance trade in East Africa during the mid-19th century in an attempt to explain the marked polarization of associated intermediary activities on Zanzibar.

In Chapter V, the decline of Zanzibar's entrepot importance and the shift of the wholesale-trading complex from Zanzibar to Mombasa at the turn of the century is discussed. This shift is analyzed and explained in terms of the evolving pattern of commercial organization associated with innovations in transportation and communication technology (and the related pattern of route development) and the innovations and expansion of the export base.

In Chapter VI, the bipolarization of the entrepot function on the two nodes of Mombasa and Nairobi during the interwar period is identified. An attempt is made to interpret the forward projection of certain entrepot functions from Mombasa to Nairobi with respect to the organization of the distributive trade in imports. Further evidence for an interpretation of this bipolarization is provided in Chapter VII where the organization of the wholesale trade in agricultural produce is discussed.

In Chapter VIII, the various strands of the preceding chapters are gathered and summarized within the framework of the conceptual context presented earlier. Finally, possible planning policy implications and proposals for related research emanating from this study are briefly identified.

TABLE I.1

Kenya: Distribution of Wholesaling by Number of Employees and by Turnover, 1960

Location	% of Total Number of Employees Engaged	% of Total Wholesale Turnover
By Province		
Nairobi	46	49
Coast[a]	27	35
Central	6	5
Nyanza	9	5
Rift Valley	9	5
Southern	1	1
Northern	-	-
By Selected Areas		
Nairobi	46	49
Nine Main Towns (except Nairobi)	44	45
Rest of Kenya	10	6

[a]Note that the large share of Coast Province is accounted mainly by the large number of import and export merchants at Mombasa.

SOURCE: Republic of Kenya, Survey of Distribution, 1960 (Nairobi: Ministry of Finance, 1963), Text Table 2.2

TABLE 1.2

Growth of Indian Population of the Six Largest Urban Centres in Kenya: 1911 to 1962

Urban Centre	1911	1926	1948	1962
Nairobi	3,361	8,052	41,800	86,453
Mombasa	3,957	9,046	25,580	43,713
Kisumu	462	1,428	4,973	8,355
Nakuru	248	559	3,247	6,203
Eldoret	-	397	1,845	3,758
Thika	-	-	1,383	2,336

SOURCES: (1) East Africa Protectorate/Colony and Protectorate of Kenya, Census of Non-Native Population for the Years 1911, 1926 and 1948 (Nairobi: Government Printer).

(2) W. T. W. Morgan and N. M. Shaffer, Population of Kenya (Nairobi: Oxford University Press, 1966), Text Table 3.

CHAPTER II

THE CONCEPTUAL CONTEXT

A fairly wide range of literature exists to provide a conceptual context for the broad interpretation of the location of wholesale intermediaries dealt with in the subsequent chapters of this study. Vance's trade centre theory is considered to be of key importance because of its particular relevance to wholesaling. Location behavior of mercantile intermediaries, performing higher level distributive functions such as wholesaling and finance, is to a considerable extent a function of the information availability necessary to reduce uncertainty. Thus, the role of information flow and its availability in the decision-making process become significant components in the location analysis. Since a wholesale-trading complex in an economy does not exist in isolation, its evolution in considerable measure reflects the pattern of economic growth in other sectors of the economy, particularly the spatial incidence and interrelationship of this growth. Thus, also, of relevance to this study are aspects concerned with spatial economic growth processes.

2.1 The Location Problem in Wholesaling.

The location problem in wholesaling might best be approached from the viewpoint of the function that wholesalers perform in an economy.

The role of wholesaling has been almost totally neglected in the literature on economic development in underdeveloped countries. Instead, economists have tended to stress the importance of such factors as capital formation, industrialization, land reform, etc.[1] However, as Dusenberry has pointed out, "the psychological and sociological problems of overcoming the impasse in backward countries are much more complicated than the arithmetic of capital accumulation."[2] One reason why the distributive activities have been ignored is because they are assumed to be passive elements of the economic system that will adjust automatically to changes in that system. Mercantile intermediaries have often been accused, erroneously and unjustifiably, of being parasitic on producers and of adding to the final cost of goods and services to consumers. Economic growth is spurred by the active intervention of such intermediaries. Rather than assuming a passive, parasitic and accommodating role, there appears to be abundant evidence throughout history that these intermediaries have played a significant organizing role in economic development. A key factor in this role is their superior contacts.

> ...their contact with the market makes them more aware than, say producers, of market opportunities. And being aware of these opportunities, they are better prepared than are producers to seize the initiative in organising productive ventures for profit. In any event, history records traders

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[1] R. Moyer, Marketing in Economic Development. Occasional Paper in International Business, No. 1. Institute for International Business Management Studies, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan, 1965, pp. 1-2.

[2] J. S. Dusenberry, "Some Aspects of the Theory of Economic Development," Explorations in Enterpren. History, Vol. 3, 1950, p. 68.

recognising and seizing economic opportunities for centuries...[1]

Similarly, growth pole theorists have either ignored as unimportant or overlooked the role of these entrepreneurs. As Lasuen argues, the role of entrepreneurship, which is a central theme of Schumpeter's theory of economic development,[2] should form an important component of the growth pole theory.[3]

The comparatively heavy dependence of underdeveloped countries upon external trade based on the agricultural sector of the economy has generated some interest in the study of marketing systems.[4] But, as a recent review of literature on marketing in Africa concludes, "Marketing in Africa typically included much more and is far more related to the study of urban phenomena than the literature focussing on export crops would suggest."[5] The links between marketing systems and urban systems

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[1]Moyer, op. cit., p. 5. Also, see Vance, op. cit., pp. 10-12 for a similar viewpoint.

[2]J. A. Schumpeter, The Theory of Economic Development, transl. R. Opie (Cambridge, Mass.: Harvard University Press, 1968), p. 63. Also, see A. Gerschenkron, "Social Attitudes, Enterpreneurship and Economic Development," Explorations in Enterpren. History, Vol. 6, 1953, pp. 1-19.

[3]J. R. Lasuen, "On Growth Poles," Urban Studies, Vol. 6, 1969, pp. 137-161. Also, see H. Gauthier, "Economic Growth and Growth Poles: A Search for Geographic Theory," Paper prepared for IGU Commission on Regional Aspects of Economic Development, London, Canada, August 1972. (Mimeographed).

[4]For instance, B. W. Hodder, Markets in West Africa (Ibadan: Ibadan University Press, 1969); P. T. Bauer, West African Trade (London: Routledge and Kegan Paul, 1963); C. Good, Rural Markets and Trade in East Africa: A Study of the Functions and Development of Exchange Institutions in Ankole, Uganda (Chicago: University of Chicago, Department of Geography Research Paper No. 128, 1970).

[5]P. Miracle, "The Literature on the Economics of Marketing in Tropical Africa," African Urban Notes, Vol. 5, 1970, pp. 3-28.

that developed in conjunction with such marketing systems are still not very obvious to many policy-makers in underdeveloped countries, as is shown by their preoccupation--bordering almost on reverence--for Christaller's central place model as a methodological framework for regional planning.[1] This is partly a reflection, no doubt, of the divorce between physical, or regional, planning from sectoral economic planning in these countries. The importance of higher level distributive activities such as wholesaling connected with long distance export/import trade in these countries and the strong tendency towards spatial centralization of these activities on primate cities goes almost totally unrealized in the central place model.

Even in the developed countries, location of wholesaling activities had been assumed to fall under the scheme of central place theory until recently when Vance demonstrated the inability of Christaller's endogenic model to explain location behavior in exogenous systems. Since wholesaling in East Africa has largely developed within the context of an exogenous system, the proposed alternative trade centre theory of Vance is much more relevant from the viewpoint of the present study.[2]

As Vance has suggested, a wholesaler performs two interrelated functions: (a) he provides place utility by moving goods from an area of abundance to an area of scarcity; and (b) he provides time utility by anticipating the demand for goods before it is expressed, allowing

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[1]For instance, D. Grove and L. Hausar, The Towns of Ghana--The Role of Service Centers in Regional Planning (Accra: Ghana University Press, 1964).

[2]Vance, op. cit.

the goods to be available on demand.

Time utility of wholesaling is not considered in Christaller's scheme, only its place utility is. But the two are intimately inter-related, a fact which must be taken into account to be able to explain the spatial dynamics of wholesaling. Christaller's concepts of range and threshold only relate to the notion of place utility. Because of the nature of the wholesaling trade as a periodic, formalized and structured business relationship between a limited number of buyers and sellers, strongly influenced by past conditions crystallized into traditional practices, the ideas of threshold and range work differently in wholesale trade from the way they work in retail trade.

In retail trade, the ties with customers are more direct and more personal than in wholesale trade. Accumulation of demand by the individual is not very important. The individual customer's demands for goods and services tend always to be relatively immediate and capable of satisfaction on recognition. The customer is his own agent and goes to the place of trade by himself. Hence, as Lösch points out, there is a constant tendency towards a location equilibrium operating in retail trade. In other words, there is a relentless economic pressure working to reduce the size of area tributary to a particular centre. This pressure is an outgrowth of the increase in total trade that opens up avenues for competitive trading centres to be set up nearer to the customer.[1]

In wholesaling, the traditionalization and formalization of trade make such a geographic partitioning of trading areas to a large

[1] *Ibid.*, p. 20.

extent unnecessary, and there is no economic pressure working to reduce a centre's tributary area. The demand of a wholesaler's customer is a periodic demand because he (the customer) accumulates his demand until it reaches a sufficient size to justify the transaction economically. The larger the accumulated demand, the greater the economies of scale. Stated more concisely, wholesale trade is a periodic undertaking where there is the accumulation of demand until it can produce an "impulse to trade" which is sufficient to cross a considerable distance. This impulse to trade is least in continuous trading and greatest in most infrequent trading. In contrast, retail trade is a continuous flow along a line with little resistance because of a short distance separating the retailer from the customer. Hence, in retailing, the force of impulse is diffused among a multitude of customers and important only when expressed en masse. In wholesaling, individual impulses may be quite adequate to produce linkages over a very considerable distance; and this provides the key to the explanation of wholesale establishment distribution.

As Vance has also shown, competition assumes a very different significance in wholesale trade compared with retail trade.[1] The retailer is dependent upon "clear, direct and rapid access" to his customers. Hence, he has to be watchful of competition from other central places. In wholesaling, the merchant is not so dependent upon such clear, direct and rapid access to his customers mainly because his relation to them is different. In the wholesale-retail linkage, the trade is repeating and formalized. A retailer tends to maintain

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[1] Ibid., p. 21.

particular wholesale linkages, both in type of goods sought and sources of supply. The conduct of his business is facilitated by reducing the supply problem to a mere routine. Thus, the establishment of a regular linkage is of great value.

The creation of consistent ties between retailers and the wholesalers, who supply them, leads to a more formal structure than that relating consumers to the individual shops where they make their purchases. By institutionalizing the line of trade, custom replaces chance, and it is possible to maintain ties over a considerable distance without the risk of competitive intrusion. Wholesalers have traditionally been the source of credit for retailers and frequently command their loyalty by having helped to establish them in the first place. The location of wholesalers is thus not constrained by accessibility to customers, i.e., retailers, as retailers are with respect to their customers, i.e., consumers. Competition among wholesalers (due, for instance, to increasing trade as a result of transportation development in the hinterland) is thus introduced not geographically among different trade centres but by service and price warfare among wholesale establishments, possibly all located in the same centre.[1] For this reason, Vance's trade centre theory provides a very important explanation of why, over time, new wholesaling establishments locate in already established centres of wholesale trade, even though conditions might have changed somewhat. This, in effect, illustrates the circular and cumulative process of growth characteristic of mercantile cities, as shown in this study.

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[1] Ibid., p. 52.

A view similar to that of Christaller's threshold fulfilling argument, although not expressed as such, has also been popularized by Gras' work on metropolitan evolution. In his Introduction to Economic History, he states that the developing metropolis is usually under the tutelage of some fully developed metropolis. Gradually, a measure of commercial independence is secured, and then the new and the old are equal, at least in function.[1] However, as Code has pointed out:

> No reason is given as to why this [commercial] independence should come about. Why, with improved communications, would the 'more mature' metropolis not increase its dominance of the 'less mature' ones? What disrupts the whole process of circular and cumulative agglomeration in the larger center, a center which would possess a far flung information gathering and disseminating system, and greater access to profitable information, greater scale economies, including such things as a large specialised labor pool, more extensive research facilities and more prestige? No explanation is given.[2]

As will be shown in this study, the Grasian argument is inappropriate to explain the growth of Nairobi as an independent entrepot from Mombasa. Such a bipolar pattern of growth was a result of totally different processes at work.

2.2 The Role of Information in Decision-Making

Classical economic theory, such as the theory of perfect market, assumes perfect knowledge on the part of economic decision-makers without any uncertainty or risk involved. This is, however, rarely the case in real life where decisions are made in an environment about which

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[1]Gras, op. cit., p. 266.

[2]Code, op. cit., p. 42.

decision-makers have imperfect information.[1] A decision is always a choice among alternative perceived images of the future. These images are derived from the information inputs of the past.[2]

The state of information thus plays a key role in decision-making. The aim of acquiring information is to minimize the extent of uncertainty stemming from ignorance, risk and indeterminacy.[3] Ignorance results from lack of information about the future. Risk is the uncertainty caused by probability considerations, whereas economic indeterminacy is the uncertainty caused by lack of knowledge as to how others will act. For this reason, the alternative "satisficer model" proposed by Simon portrays the decision-making process more realistically.[4] It incorporates in the model of economic man, i.e., the decision-maker, the process of acquiring knowledge about his environment rather than taking the environment as a "given". It thus takes into account one of the properties of the decision-maker as a learning, estimating, searching, information processing organism.

As noted by Pred, spatial biases in information availability as well as cost have considerable repercussions on the locational behavior

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[1]K. E. Boulding, "The Economics of Knowledge and the Knowledge of Economics," American Economic Review, Vol. 56, 1966, pp. 1-13; G. J. Stigler, "The Economics of Information," The Journal of Political Economy, Vol. 69, 1961, pp. 213-225; W. Isard and A. Reiner, "Aspects of Decision Making Theory and Regional Science," Papers and Proceedings of the Regional Science Association, Vol. 9, 1962, pp. 25-34.

[2]Boulding, op. cit., p. 7.

[3]M. Shubik, "Information, Risk, Ignorance and Indeterminacy," Quarterly Journal of Economics, Vol. 68, 1954, pp. 628-640.

[4]H. A. Simon, "Theories of Decision Making in Economics and Behavioral Science," The American Economic Review, Vol. 49, 1959, pp. 253-283.

of decision-makers.[1] In this connection, a differentiation between "private" and "public" information must be made.

In general, the quantity and the quality of relevant private information, that is information received by person-to-person contacts, including direct face-to-face encounters, telephone calls and written exchanges, in possession of the locational decision-maker are affected by his geographic, or site and situation, characteristics since interpersonal exchanges of information are inclined to be most intense at very short distances. In other words, because of daily time-budget constraints, the density of contacts included in a single person's private information field must decrease very rapidly with increasing distance. Thus, highly gregarious actors in large cities will apt to have well articulated information fields and relatively large quantities of private information related to a particular problem, especially so since information fields are quite often occupationally bound.[2]

The few studies so far on the need of contacts for the exchange of private information and the role of this factor in influencing location behavior have emphasized the role of direct face-to-face contacts among all other forms of contacts between individuals for communicating private information.[3] It has been shown that although,

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[1]A. Pred, Behavior and Location. Foundations for a Geographic and Dynamic Location Theory, Part I. Lund Studies in Geography, Series B, Human Geography, No. 27 (Lund: C.W.K. Gleerup, 1967), p. 9.

[2]T. Hagerstrand, "Aspects of the Spatial Structure of Social Communication and the Diffusion of Information," Papers of the Regional Science Association, Vol. 16, 1966, pp. 37-42.

[3]G. Tornqvist, Flows of Information and the Location of Economic Activities. Lund Studies in Geography, op. cit., No. 30 (Lund: C.W.K.

in terms of quantity, indirect contacts (such as through correspondence, telephone and telex) dominate contact activity of individuals in organizations, it is the direct personal contacts in which transmission of information takes place in face-to-face meetings between individuals which exert an influence on the location of economic activities. Indirect contacts are best suited to the transmission of simple, well-structured, routine information. The more complicated or non-routine the information becomes (such as political and economic vicissitudes), the greater the advantages of direct personal contacts. Hence, direct personal contacts are preferable in situations such as: when several people have to exchange information with one another at the same time, when the exchange of information contains an element of uncertainty, or when contacts are in the form of negotiations and discussions.[1] All these forms of contact are important characteristics of the wholesale trade.

Information networks of mercantile intermediary communities, especially in underdeveloped countries, are quite often bound ethnically. This is because higher level intermediary functions in many of these countries in Africa and Asia are controlled by non-indigenous immigrant communities such as, for example, the Indians in East Africa or the

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Gleerup, 1968); G. Tornqvist, Contact Systems and Regional Development, Lund Studies in Geography, op. cit., No. 35 (Lund: C.W.K. Gleerup, 1970); T. Hagerstrand, Innovation Diffusion as a Spatial Process (Chicago: University of Chicago Press, 1967); J. Wolpert, "The Decision Process in a Spatial Context," AAAG, Vol. 54, 1964, pp. 538-557; A. P. Pred and G. Tornqvist, Systems of Cities and Information Flows, Lund Studies in Geography, op. cit., No. 38 (Lund: C.W.K. Gleerup, 1973).

[1]Tornqvist, 1970, op. cit., pp. 26-30.

Chinese in Malaya. These ethnic groups are, for historical reasons, highly concentrated in the ports and capital cities.[1] Business transactions among these communities are normally made on the basis of mutual trust and kinship. To be privy to the information possessed by these communities, therefore, demands close personal access to their members.

Even in the developed countries where a highly sophisticated technology has reduced the significance of friction of distance for transmission of routine information over shorter or longer distances as for movement of goods, the constraint of distance is still very important in exchanging information via face-to-face communications. Economic activities demanding such communications hence tend to be very gregarious.

The other type of information is public information, i.e., that received from printed and electronic media and/or government sources. The quantity and quality of public information in possession of individual locational decision-makers are influenced by their geographic situations to the extent that spatial biases exist in the circulation of such information.[2]

Normally, public information originates in the largest cities which also have the best contacts with the outside world. Subsequent

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[1] C. F. J. Whebell, "Models of Political Territory," Paper read at the Annual Meeting of Association of American Geographers, 1970, p. 9. (Mimeographed); P. T. Bauer, Economic Analysis and Policy in Underdeveloped Countries (Durham: Duke University Press, 1957), p. 72; W. R. Stanley, "The Lebanese in Sierra Leone: Enterpreneurs Extraordinary," African Urban Notes, Vol. 5, 1970, pp. 159-174.

[2] Pred, 1967, op. cit., p. 44.

diffusion of it follows the urban hierarchy of a country or region.[1] Thus, decision-makers are favoured or disfavoured in their accessibility to public information by the hierarchial position of the city of their residence or the city most proximate to their rural place of residence.[2] The higher the order of the centre, the greater the variety and depth of public information sources on which its residents can draw. But there is also growing evidence that the non-hierarchial economic interdependencies between cities influence the diffusion of information.[3]

The quantity and quality of public information held by locational actors is also influenced by the actors' personal attributes. Factors such as language, race, educational background and personality, for instance, tend to govern an actor's amount of direct exposure to printed matter and other public information sources.

Virtually all location decisions are undertaken in presence of uncertainty. Uncertainty has a spatial dimension because of the uneven distribution of information. In general, uncertainty regarding location of an economic activity will tend to be less in large cities than in small ones, since the availability of private and public information has a strong large-city bias.[4] Hence, as has been argued, cities

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[1] T. Hagerstrand, The Propagation of Innovation Waves, Lund Studies in Geography, op. cit., No. 4 (Lund: C.W.K. Gleerup, 1952), p. 8; T. Hagerstrand, "Aspects of the Spatial Structure of Social Communications and the Diffusion of Information," op. cit., p. 4.

[2] Pred, 1967, op. cit., p. 44.

[3] A. Pred, Urban Growth and the Circulation of Information: the United States System of Cities, 1790-1840 (Cambridge, Mass.: Harvard University Press, 1973), pp. 227-231.

[4] Ibid., pp. 42-46.

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originate individually as communication nodes or loci of information exchange and accumulation. Their subsequent growth is highly correlated with the "intensification of communication, knowledge and controls."[1] Improvement in communications in the future will act as a further centralizing influence, and it is very likely that "the economic life of the world will [become] concentrated into a few major information centres."[2] In the underdeveloped countries, increasing concentration of economic activities in the primate cities has been shown to be inevitable, mainly because of the superior information availability in these cities.[3] Availability of such information in these countries becomes vital, particularly in view of the rapidity and frequency of changing economic and political circumstances and "since the sources and modes of this information are unperiodic, unpredictable, and require cultivation of sources, evaluation of intangibles, and delicate negotiations which can only be conducted through personal face-to-face contacts...."[4] Hence, it has been argued that economic primacy in these countries should be seen as a "growing pain" characteristic of transitional societies rather than being a parasitic element. Neglect of information as a locational factor is, in this respect, a telling inadequacy of classical location theories such as the central place theory.

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[1] R. L. Meier, A Communications Theory of Urban Growth (Cambridge, Mass.: The M.I.T. Press, 1962), p. 43. Also, see P. Hall, The World Cities (New York: McGraw-Hill, 1966).

[2] Ibid., p. 240.

[3] W. Alonso, "Urban and Regional Imbalances in Economic Development," Economic Development and Cultural Change, Vol. 17, 1968, pp. 1-14.

[4] Ibid., p. 6.

2.3 Circular and Cumulative Growth Process Models

One of the most important theoretical guides in interpreting the evolution of wholesaling in this dissertation has been a group of studies dealing with the spatial incidence of economic growth and regional disparities.[1] As Keeble has pointed out, concern with spatial aspects of the growth process has been largely prompted by the inadequacy of equalization theories to explain variations in economic growth.[2] The new approaches emphasize the cumulative and self-reinforcing advantages of the initially established locations in the process of development with stress on the role of agglomeration and other external economies. The role of the city in relation to its hinterland and the related "growth pole" idea[3] is inherent in many of these models.

Probably the most important of these approaches and most applicable to this study is a model of the process of regional

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[1]G. M. Myrdal, Rich Lands and Poor (New York: Harper Brothers, 1957); G. M. Myrdal, Economic Theory and Underdeveloped Regions (London: Methuen, 1957); A. O. Hirschman, The Strategy of Economic Development (New Haven, Connecticut: Yale University Press, 1966); J. R. P. Friedmann, "A Generalised Theory of Polarised Development," in Growth Centers in Regional Economic Development, ed. N. Hansen (New York: The Free Press, 1972), pp. 82-107; E. L. Ullman, "Regional Development and the Geography of Concentration," Papers and Proceedings of the Regional Science Association, Vol. 4, 1958, pp. 179-198; J. Williams, "Regional Inequality and the Process of National Development: A Description of the Patterns," Economic Development and Cultural Change, Vol. 13, Part II, 1965; E. E. Lampard, "The History of Cities in the Economically Advanced Areas," Economic Development and Cultural Change, Vol. 3, 1954-55, pp. 81-136; H. W. Richardson, Regional Growth Theory (New York: J. Wiley and Sons, 1973).

[2]D. E. Keeble, "Models of Economic Development," in Models in Geography, ed. R. J. Chorley and P. Haggett (London: Methuen, 1967), p. 258.

[3]See Francois Perroux, "Note sur la notion de Pole de Croissance," Economie Appliquée, Vol. 8, 1955, pp. 307-320.

development that has been formulated by Myrdal. This model shows that in an economy, particular changes do not--as equilibrium models portray--"call forth countervailing changes but, instead, supporting changes which move the system in the same direction as the first change but much further."[1] Hence, cumulative concentration of economic activities in already established cities or regions which by virtue of some advantage have moved ahead of others, will lead to increasing inequality. In many of the underdeveloped countries where the stimulus for economic growth has in many instances come from outside, such a process of regional development has led to the establishment of export enclaves in what are now described as dual economies.[2] Such a pattern of economic development, characterized by marked interregional disparities of development is also associated with urban primacy. Thus, it has been found that urban systems (as sub-systems of spatial systems) typically evolve from a low level equilibrium distribution (many small, equally sized urban places) via urban primacy (predominance of a few large cities) to a high level equilibrium characterized by a log-normal distribution of city-sizes.[3]

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[1] Myrdal, op. cit., p. 13.

[2] L. P. Green and T. J. D. Fair, Development in Africa (Johannesburg: Witwatersrand University Press, 1962); J. V. Levin, The Export Economies: Their Pattern of Development in a Historical Perspective (Cambridge, Mass.: Harvard University Press, 1960); B. Higgins, "The Dualistic Theory of Underdeveloped Areas," Economic Development and Cultural Change, Vol. 4, 1956, pp. 99-115.

[3] B. J. L. Berry, "City Size and Economic Development: Conceptual Synthesis and Policy Problems, With Special Reference to South and East Asia," in Urbanization and National Development, eds. L. Jacobson and V. Prakash (Beverly Hills, Cal.: Sage Publications, 1971), pp. 111-156. This is a revised version of Berry's earlier view that evidence for a clear-cut relationship between the form of rank size distributions and

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Even in the developed spatial systems, large cities seem to enjoy locational advantages which seem to outweigh any need for decentralization. The point where the marginal costs exceed marginal productivity of increased urban size appears not to have been reached even in the largest metropolitan centres of today.[1] Ullman has, for instance, provided evidence for cumulative concentration of economic activities through the "self-generating momentum" expressed by growing metropolitan regions in the United States. This momentum is acquired through, and is a reflection of, development in these nodes of "notable external economies of scale and the largest market in the country."[2] This view has been recently incorporated by Richardson in his regional growth theory.[3] In his analysis of regional growth process, he places key emphasis on agglomeration economies and locational preferences as opposed to the traditional neo-classical variables of wage and capital yield differentials. Agglomeration economies in urban areas, which lead to a self-reinforcing tendency towards concentration, consist of internal economies; external economies to the firm but internal to the industry (Isard calls these "localization economies"); and external

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conditions of economic development is inconclusive. B. J. L. Berry, "City Size Distributions and Economic Development," Economic Development and Cultural Change, Vol. 9, 1961, pp, 573-587. Also, see S. El Shakhs, Development, Primary and the Structure of Cities, Ph.D. Thesis, Harvard University, 1965.

[1]W. Alonso, Equity and Its Relations to Efficiency in Urbanization, Centre for Planning and Development Research, University of California, Berkeley, Paper No. 78.

[2]Ullman, op. cit., p. 180.

[3]Richardson, op. cit., pp. 133-150.

economies to an industry, that is, economies arising when unlike firms are spatially juxtaposed rather than geographically separated. The latter group is also referred to as urbanization economies or economies of urban concentration since such economies are greatest in urban centres.[1]

Hence, as Richardson points out, there is a correspondence between the behavioral models of decision-making discussed above with their emphasis on satisficing, reducing uncertainty and risk aversion and subsequently the attractive power of agglomeration economies and the cumulative causation theory of regional growth.[2]

The export base theory,[3] even though lacking a serious spatial content, has also implications in the examination of patterns of regional development and urban location in East Africa. This theory stresses the key role of an export base in the growth of regions and of cities. Such a view is in keeping with the argument offered in this study to show the role of export enclaves in the development of long-distance trade and the location of mercantile intermediaries. As has been pointed out with respect to Latin America, development of most cities in that continent was induced by an export base, that is, by an external demand for the resources of hinterlands (enclaves) of these cities. Few Latin

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[1] W. Isard and E. W. Schooler, "Industrial Complex Analysis, Agglomeration Economies and Regional Development," Journal of Regional Science, Vol. 1, 1959, pp. 19-33; H. W. Richardson, Elements of Regional Economics (Baltimore, Maryland: Penguin Books, 1969), p. 70.

[2] Richardson, 1973, op. cit., p. 59.

[3] D. C. North, "Location Theory and Regional Economic Growth," Journal of Political Economy, Vol. 63, 1955, pp. 243-258.

American cities have developed on the basis of predominantly intra-regional demand as had overridingly been the case in the Old World.[1] Rose has developed a model, based largely on an Australian experience, supporting such a hypothesis.[2] Viewed in their role as growth poles,[3] long-distance trade was the main growth sector (propulsive industry) of these cities. Because of the similar exogenous context within which economic development in East Africa has taken place, the expected pattern of city development should not be significantly different from either Latin America or Australia.

Models similar to Myrdal's and Richardson's mentioned above--but taking more explicitly into account the impact of information circulation on the urban development process--have also been proposed. Outstanding among these are the models of Pred and Code.

Pred's circular and cumulative process of the urban size growth model for the early American mercantile city stresses the impact of transportation development and agglomeration economies for the individual city. A successful scale increase in one sector of its middleman wholesaling-trading complex (foreign export of hinterland commodities, re-export trade, internal redistribution of hinterland production or

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[1] W. B. Stohr, "Some Hypothesis on the Role of Secondary Growth Centers as Agents for the Spatial Transmission of Development in Newly Developing Countries--The Case of Latin America," Paper prepared for the IGU Commission on Regional Aspects of Economic Development, London, Ontario, August 1972, p. 5. (Mimeographed).

[2] A. J. Rose, "Dissent from Down Under: Metropolitan Primacy as the Normal State," Pacific Viewpoint, Vol. 7, 1966, pp. 1-27.

[3] J. R. Lasuen, "A Generalisation of the Growth Pole Notion," Paper prepared for the IGU Commission on Regional Aspects of Economic Development, Victoria, Brazil, April 1972. (Mimeographed).

hinterland distribution of foreign imports), which may assume the form either of growth within existing mercantile houses or the creation of new business units, "eventually elicits an ideal-typical sequence of events whose causation is circular and cumulative"[1] involving several feedback loops.

The mercantile city urban-size growth model, however, does not operate at the same rate in all the cities, hence some mercantile cities have grown faster than others. To explain this, the model stresses the impact of transportation and route developments and agglomeration economies on the differential growth of cities.[2]

In a more recent study, Pred has advocated a similar model, of which the above is considered a submodel, to depict the process by which large-city rank-stability set in for the United States system of cities between 1790 and 1840.[3] In this large-city focussed model, commercial interaction between the organizations of major metropolitan areas results in spatial biases in the availability of specialized information which in turn eventually bring about in a circular and cumulative manner additional interaction between the same major metropolitan areas.

Substantial support for this view of self-generating interaction between the largest cities in an urban system is provided also in the recent literature on transportation development. Janelle has developed

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[1]A. R. Pred, The Spatial Dynamics of U.S. Urban-Industrial Growth, 1800-1914 (Cambridge, Mass.: The M.I.T. Press, 1966), p. 178.

[2]*Ibid.*, p. 186.

[3]Pred, 1973, *op. cit.*, pp. 202-238.

an empirically based model,[1] in which increased metropolitan interaction calls forth transportation improvements which, after an indefinite lag to allow for decision-making adjustments, result in another round of increased interaction. The impact of "time-space" convergence, however, benefits more distantly spaced larger cities than it benefits the smaller ones. Consequently, there is a further concentration and specialization of private and public organizational activities at the growing metropolitan nodal foci.

The feedback characteristics of Janelle's model are in keeping with the pattern of transportation development in underdeveloped African economies as described in the Taaffe, Morrill, Gould model.[2] Through hinterland piracy, market-area development and expansion and through the recurrent demand for more transportation services, this ideal-type sequences model of transportation development inland from coastal ports allows those ports and interior cities, initially favoured by major "lines of penetration", step-by-step to become the foci of high-priority transportation linkages. In this process, they grow larger than other places in the evolving system of cities.[3] In addition,

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[1] D. G. Janelle, "Spatial Reorganisation: A Model and Concept," AAAG, Vol. 59, 1969, pp. 348-364.

[2] E. J. Taaffe, R. L. Morrill, and P. R. Gould, "Transportation Expansion in Underdeveloped Countries: A Comparative Analysis," Geog. Review, Vol. 53, 1963, pp. 503-529.

[3] This model has also been used to interpret the growth of port cities in Australia and New Zealand. P. J. Rimmer, "The Changing Status of New Zealand Ports, 1853-1960," AAAG, Vol. 57, 1967, pp. 88-100; P. J. Rimmer, "The Search for Spatial Regularities in the Development of Australian Seaports, 1861-1962," Geografiska Annaler, Vol. 49B, 1967, pp. 42-54.

the existence of self-perpetuating feedback relationships between large-city growth, the spatial pattern of economic interaction and transportation development, in one way or another, have been observed in a number of underdeveloped countries.[1]

Code's model depicting the growth process of financial communities, based on the Canadian experience, is also couched within a circular and cumulative context.[2] Because of the common origin of finance and wholesaling, this model is also of considerable relevance to the present study. The model depicts a continuing improvement in the communication system's ability to move information leading to improved ability of many of the functions in a large financial community to invest in opportunities which may be located closer to smaller financial communities. The consequent increased intensification of interaction within the expanded hinterland of the large financial community results in the expansion of the decision-making taking place in that financial community, while its expanded size means greater possibilities of exchange of information through the communication system. This results in an improved capability of making satisfactory investment decisions, which in turn improve the competitive advantage of the financial community *vis-a-vis* other smaller centres. The increased

[1] B. J. L. Berry, Essays on Commodity Flows and the Spatial Structure of the Indian Economy (Chicago: University of Chicago, Department of Geography Research Paper No. 111, 1966); E. A. J. Johnson, The Organization of Space in Developing Countries (Cambridge, Mass.: Harvard University Press, 1970); P. R. Gould, "Tanzania 1920-63: The Spatial Impress of the Modernization Process," World Politics, Vol. 22, 1970, pp. 149-170; E. Soja, The Geography of Modernization in Kenya (Syracuse: Syracuse University Press, 1968).

[2] Code, op. cit., pp. 318-319.

size of the large financial community also results in such things as improved access to external business services, ability to pool labour and capital resources and further diversification of financial functions. The improved competitive position of the large financial community, in turn, pushes the smaller ones into a downward spiral.

Carried to its logical conclusion, with communications steadily improving, distance from a financial community becomes irrelevant as a factor influencing the quality of service which it is able to provide. The basically medieval communications system used within the financial community, however, is still retained more or less intact since it is less readily affected by technology. The net effect is concentration of information flows on the large financial community without a corresponding fragmentation of that agglomeration.

While there are obvious parallels in the evolution of many Third World areas, there has been relatively scant attention paid to the general spatial evolution of the mercantile function in these areas. Specific histories on mercantile houses and economic evolution of particular settlements abound, but little, as yet, exists which specifically traces the long-term spatial transformation of the mercantile and the related urban system in areas such as Kenya.

CHAPTER III

THE SOCIO-POLITICAL CONTEXT

The spatial dynamics of mercantile intermediaries connected with wholesaling to be examined in subsequent chapters should be seen within a broad socio-political context transcending the political boundaries of Kenya. The close dependence of wholesaling in Kenya on the extent of her external trade has been indicated earlier. This should not be surprising, since the drive for long-distance trade in East Africa has always come from without, mainly on the part of foreign entrepreneurs who came in search of commodities in exchange for their own goods. Hence, East Africa has traditionally been the source of raw materials for outsiders.

It must be noted, however, that for significant external trade to maintain itself, it inevitably demands the establishment of a political relationship between the trading partners. Such a relationship can be either one of authority over, or dependency upon, one trading partner relative to the other.[1] Because of the external nature

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[1]Friedmann, "A General Theory of Polarised Development," op. cit., p. 4 and pp. 14-16; J. R. Rayfield, "Theories of Urbanization and the Colonial City in West Africa," unpublished paper, Department of Anthropology, York University, Toronto, August, 1972; J. Friedmann, E. McGlyn, B. Stuckey, C. T. Wu, Urbanization and the National Development: A Comparative Analysis (occasional papers), School of Architecture and Urban Planning, University of California, Los Angeles, June 1970, pp. 9 and 18-19.

of the commercial enterprise in East Africa, this relationship has tended, from the earliest times, to be one of dominancy or colonization[1] by foreigners.

The East African societal system has thus evolved in a peripheral relation to exogenous core areas. It was within this context of an authority-dependency relationship that the City of Zanzibar and, subsequently, Mombasa and Nairobi achieved their primacy, as points of attachment to an exogenous core area. Such a pattern of urban development has been, by no means, unique to East Africa. As Lampard[2] has pointed out, the large cities in underdeveloped countries are mostly seaports which dominate transport approaches to vast areas of largely undeveloped hinterlands from which developed countries long obtained raw materials. He compares these places with New York or Boston in their colonial phase, and refers to them as "the mercantile capitals of dependent economies".

This chapter undertakes a brief review of the socio-political context within which long-distance trade developed in East Africa. The discussion is divided into two sections: the period of oriental colonialism in East Africa up to about 1880, and the period of European colonization from 1880 onwards.

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[1]The term "colonial" is used here in the sense of dependence of a less developed area upon a more developed area.

[2]E. Lampard, "The History of Cities in Economically Advanced Areas," Economic Development and Cultural Change, Vol. 3 (1955), p. 131.

3.1 The Period of Oriental Colonialism

3.1.1 The Medieval Swahili Port Cities along The East African Coast

Until the middle of the 19th century, the pattern of trade and urban settlement in East Africa was characterized by a weak and fluctuating hierarchy of several relatively small and independent Swahili city states along the coast.[1] At that time, trade was of a limited extent, and most of the exports such as ivory could be obtained locally from the immediate hinterland in the coastal belt and from such natural corridors as the Pangani valley and Tana River penetrating into the interior. Such early trade contact, as is recorded by the Periplus in 60 A.D. or Ptolemy's Geography, may have led to a gradual development of some form of meeting place where commodities could be exchanged between the Arab traders and the indigenous people. Initially, these places most likely had been entirely seasonal trade fairs on neutral grounds, each exploiting a limited hinterland such as Rhapta, and visited directly by foreign traders.[2]

By the 12th century, with increasing demand for East African ivory in India and China and as local supplies in Southeast Asia diminished, the southern pull of the Sofala (Fig. 3.1) sources of ivory and gold became more important. Gold and copper, produced in the Zambezi-Limpopo region, were carried down the Zambezi River by head or

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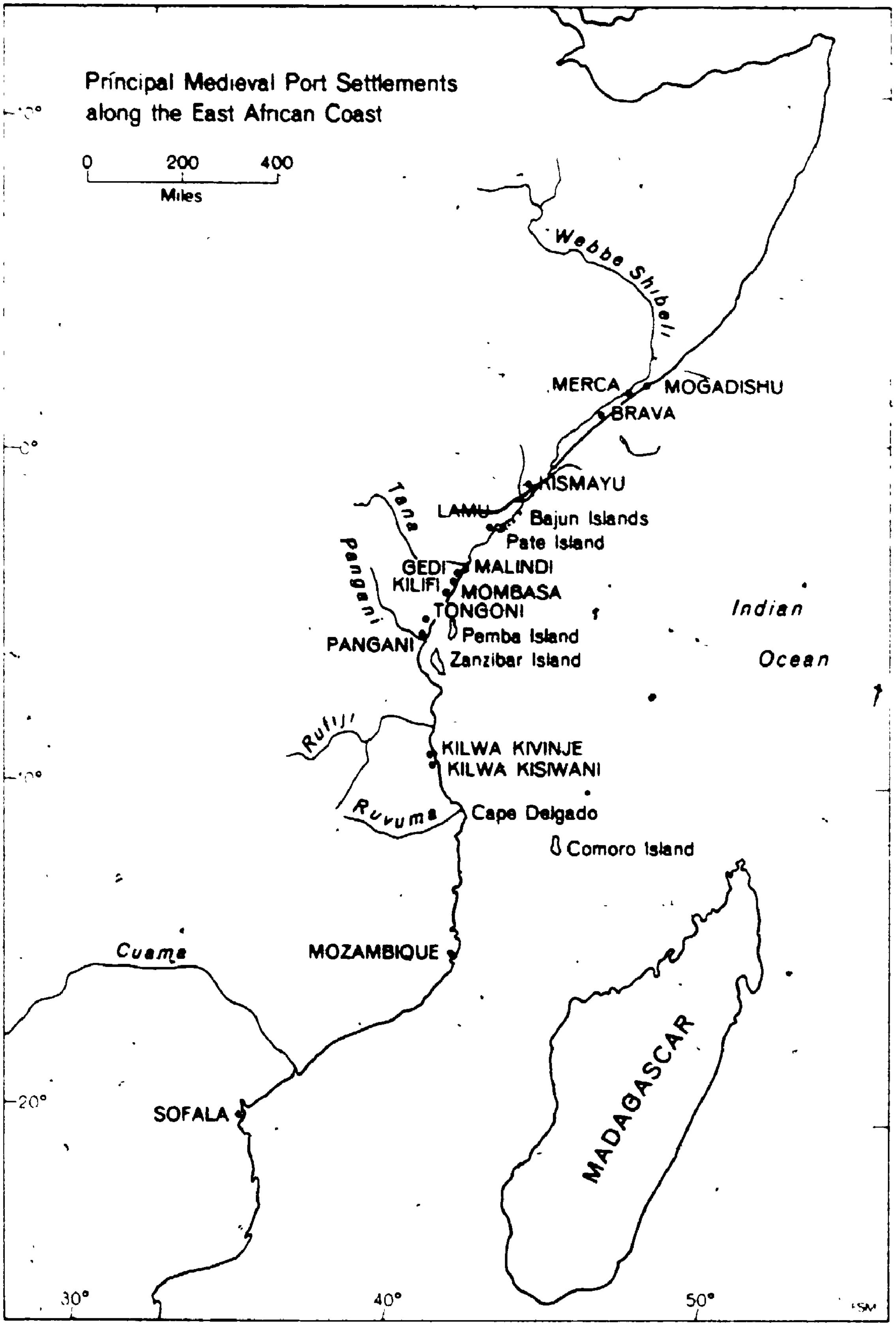
[1]Also referred to as Afro-Arab city states.

[2]A. Sheriff, "The Development of Underdevelopment: History of The East African Coast before The Sixteenth Century," Paper read at the Annual Conference of the Kenya Historical Association, Narrobi, 1972.



Source History of East Africa, Vol 1, p 128 (with modifications)

Figure 3.1

canoe to the Sofala coast and thence shipped northwards. This pattern of trade, in turn, determined the general location of most important entrepots along the coast. Since Sofala lay too far south, beyond the limit of reliable monsoons, need arose for a major entrepot within the orbit of monsoons, which could be visited by monsoonal dhows from the Indian Ocean borderlands and which could act as a centre for collection of exports and distribution of imports. Mogadishu is stated to have initially dominated the trade of Sofala. But since it lay too far north, the port of Kilwa subsequently captured the trade of Sofala as witnessed by a vast "warehouse", discovered recently, built there in the early 14th century and consisting of thirty-nine uniform windowless "storage rooms".[1]

In addition to Arab traders, Kilwa's prosperity had also attracted other seafaring nations, especially Indians from Gujerat, from about the 13th century. As suppliers of primary imports of cloth and beads and as main consumers of African ivory, their role was crucial. However, due to cyclones in the eastern half of the Arabian sea during the early monsoon months, their stay in East Africa was shorter, and Kilwa was beyond their convenient reach. They seem to have preferred Mombasa with its excellent harbour and, to a lesser extent, Malindi. Thus, when the Portuguese arrived in the 15th century, they observed the gradual shift of economic power to the north. However, no one port dominated the coast so as to stifle the growth of others. The Portuguese counted thirty-seven such port settlements along

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[1]B. A. Datoo, Selected Phases of The Historical Geography of Major East African Ports, Ph.D. Dissertation, University of London, 1968.

the coastal strip, between the Kilwa group of islands and Mogadishu (Fig. 3.1), many of which were of considerable size and apparently wealthy. Most of these had their origins about the 12th and 13th centuries, often in a small fashion, and some of them had prospered through the possession of local catchment areas for ivory and slaves. The basis of the wealth of the more important ones, however, such as Kilwa, Mombasa and Mogadishu, came not from their immediate hinterlands, but by virtue of their position as points of arrival and departure on the monsoon system and their control of the sea route to Sofala.

The string of Swahili port settlements were primarily mercantile settlements. Their wealth was dependent upon long-distance trade and not on production. Hence, their orientation was largely maritime and externally oriented, and their ties with Indian Ocean borderlands were far more important than their ties with their immediate hinterlands on the East African mainland. A fair degree of prosperity and luxury living was enjoyed in these coastal towns, at least by the upper stratum of population, from the profits earned in their trading activities. The architectural remains of these settlements reveal a high standard of masonry and technological achievement. The Swahili population of these towns, derived from a mixture of Arab and indigenous peoples, is difficult to estimate. Apart from cultivators and fishermen, it consisted of porters, domestic servants (including slaves), shipwrights, shopkeepers and weavers, in addition to the sailors and wholesale merchants, the latter being the most prominent of all.

These Swahili city states were, however, never to colease into a single state or confederation, although many of the smaller settlements were tributary to larger ones. Sometimes in feud, sometimes in league with their neighbours, they normally had their own independent oligarchy. Whether on island or mainland, these Muslim traders and townsfolk built, almost without exception, against the seashore on a site that could easily be defended against attacks of the less wealthy mainlanders. The impact of this civilization on much of the mainland coast was slight and on the inland was non-existent.

3.1.2 The Portuguese Intrusion

After the 15th century with the arrival of the Portuguese, the Swahili ports faded gradually into oblivion. The Portuguese intervention resulted in the disruption of the coastal Sofala gold trade handled by these ports since now the Portuguese made attempts to ship this commodity direct from Sofala to India to pay for their purchases there. Similarly, their focus on Mozambique Island as a convenient stopping place to India put the rest of the East African coast to the north in the backwaters of Portuguese activities. Also production of gold in central Africa declined due to internal political upheavals there. Many of the Swahili ports, however, still continued to enjoy a measure of their former prosperity despite this situation until the end of the 16th century when the Zimba tribesmen from the south and the Galla from the north wiped out several of the mainland Swahili ports.

3.1.3 Growth of The Omani Empire in East Africa

The short-lived Portuguese occupation of the coast lasted only until about 1700. The struggle of the Swahili coastal cities evoked by the Portuguese paved the way for the ruler of Oman, Sultan Seyyid

Said, to bring about in the 19th century (and for the first time) a measure of political unity over the coast.

By 1840, Zanzibar had become for all practical purposes the capital of the Omani realm and Seyyid Said's permanent residence, although he also maintained a subsidiary capital at Muscat in Oman. During the previous decade, the Sultan had gone through a long struggle to establish his control on the coast and made himself supreme not only in the islands of Zanzibar and Pemba but also along the entire east coast.

Seyyid Said soon realized that tropical Zanzibar could produce economic crops which could not be produced in Oman. With extraordinary intuition, he quickly grasped the potentialities of cloves, which had been introduced in Zanzibar in 1818 and did everything to encourage their cultivation. Plantations were established in Zanzibar and the neighbouring island of Pemba calling for increased labour supply for clearing land, planting and harvesting. As a result, the slave trade received a fresh impetus to meet the demands of landowners in Zanzibar and Pemba.

The Sultan's East African Empire beyond Zanzibar and some of the mainland port settlements, however, was a very tenuous affair. He never established formally his hegemony on the mainland interior through military bastions or administrative stations flying his flag. The only exceptions to this were a few pre-eminent traders such as Mwinyi Kheri residing in interior depots such as Ujiji whom the Sultan appointed as his representatives.[1] This was done more in order to

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[1]N. R. Bennett, "Mwinyi Kheri," in N. R. Bennett (ed.), Eastern Africa, Six Political Biographies (Boston: Boston University Press, 1968), pp. 139-164.

provide the security essential to the collection of trading-goods so necessary for the prosperity of Zanzibar than anything else. In fact, Seyyid Said's ambition was not to create a territorial but an economic empire in East Africa. His own personal position was that of a well-to-do merchant; "I am nothing but a merchant," he once confided to a French visitor.[1] He was the first ruler ever in Africa to sign treaties of commerce and amity with the western powers. During his reign, the external trade of East Africa, most of which came to be channeled through Zanzibar, underwent a marked expansion.

3.2 The Period of European Colonization

Western European expansion overseas took place in two phases that led to the emergence of two colonial empires labeled as the "old" and the "new". Timewise, these two are separated by the period of the American revolution. They also differed from each other in their location. In general, the new empires were carved out of the African continent, Asia and the South Pacific. One of the prime motives behind their establishment was trade. Thus, for instance, the provision of security for trade was a distinctive feature of the British imperialism of free trade in the 19th century.

> In both formal and informal dependencies in the mid-victorian age, there was much effort to open up the continental interiors and to extend the British influence inland from the ports and to develop the hinterlands. The general strategy of this development was to convert these areas into complementary

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[1]Quoted in R. Coupland, East Africa and Its Invaders (Oxford: Clarendon Press, 1938), p. 299.

satellite economies, which could provide raw materials and food for Great Britain and also provide widening markets for its manufactures.[1]

As was remarked by Lord Lugard, an influential advocate of imperialism as well as an administrator most active in securing new African domains for his country, it was imperative that Britain sought new markets since old ones were being closed to her by hostile tarrifs. Also, her "great dependencies", which formerly were consumers of her goods, were now becoming commercial rivals.[2] A variety of techniques, adapted to diverse conditions and beginning at different dates, were employed to effect Britain's search for, and domination of, new trade areas.

> A paramountcy was set up in Malaya centered on Singapore; a suzeranity over much of West Africa reached out from the port of Lagos...on the east coast of Africa, British influence at Zanzibar, dominant thanks to the exertions of Consul Kirk, placed the heritage of Arab command on the mainland at British disposal.[3]

The intellectual base for such a liberal foreign trade policy, compared to the mercantilism of the 17th and 18th centuries under which the old colonial empire developed, was provided in the theory of comparative cost advantage advocated by the classical economists Adam Smith,

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[1] J. Gallagher and R. Robinson, "The Imperialism of Free Trade," in G. H. Nadel and P. Curtis (eds.), Imperialism and Colonialism (London: Macmillan, 1964), pp. 97-111. Also, see D. W. Meinig, "A Macrogeography of Western Imperialism: Some Morphologies of Moving Frontiers of Political Control," in F. Gale and G. Lawton (eds.), Settlement and Encounter (London: Oxford University Press, 1969), pp. 213-240.

[2] Sir Fredrich Lugard, The Rise of Our East African Empire, Vol. II (London: William Blackwood and Sons, 1893), p. 585.

[3] Gallagher and Robinson, op. cit., p. 106.

David Ricardo and John Stuart Mill. International specialization based on comparative advantage and free trade among nations, it was argued, would lead to the greatest benefit of every nation.

It was in response to such varied pressures that the international pattern of specialization as found today developed; and it can be described within the context of a centre-periphery model.[1] The North Atlantic countries (Western Europe and U.S.A.) evolved as the core areas and producers of manufactured goods; the "export economies" in the periphery in Africa and Asia[2] evolved as commercial and, frequently also, political dependencies of these core areas, acting as producers of raw materials for export and as consumers of imported manufactures. Such a pattern of specialization was also made possible as a result of the stimulus of growing demand for raw materials in the metropolitan nations and the flow of capital investments from these nations to expand the export economies. With the advent of the railroad during the mid-19th century even bulky goods such as wheat could be shipped across the continents and oceans while the growing electronic telegraph system whose tentacles had spread out from Britain since 1850 and had reached Australia by 1872 established world, as distinct from purely local or national, markets for raw materials.[3]

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[1]Friedmann, "A General Theory of Polarized Development," op. cit.

[2]J. W. Levin, The Export Economies: Their Pattern of Development in Historical Perspective (Cambridge, Mass.: Harvard University Press, 1960).

[3]For a study on growth of international trade during this period, see P. P. Courtenay, A Geography of Trade and Development in Malaya (London: G. Bell and Sons, Ltd., 1972), pp. 5-40.

In Africa, the vested interests of slave traders, the absence of marketable products such as spices and tea, the violence of tropical diseases, the hostility of many tribes and the difficult terrain and climate had long prevented white men from penetrating the interior. During the 19th century, however, the decline of slave trade as well as advances in transportation, medicine and fire arms gradually opened up the hinterland to Europeans. The last two decades of the century witnessed the almost legendary scramble for Africa. Hence, this was the period of Africa's most intensive contact with foreigners.[1]

By 1895, the British capitalist interests had purposefully eliminated the independent economy of the Arab-Indian trade empire on the east coast of Africa centred on Zanzibar through abolition of the slave trade.[2] Henceforth, growth and direction of economic development in the British sphere of influence (subsequently the territories of Uganda and Kenya) and the German sphere of influence (subsequently Tanganyika) depended completely upon the British and Germans. Establishment of European hegemony in East Africa, however, achieved what their predecessors had never even thought of.

The European colonizers established a transportation network and an administrative infrastructure over their newly acquired possessions. Figure 3.2 shows the diffusion of the railroad network in East Africa. A dendritic network of two parallel railroads, focussed on

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[1]S. Amin, "Underdevelopment and Dependence in Black Africa--Their Historical Origins and Contemporary Forms," Social and Economic Studies, Vol. 22, No. 1 (1973), pp. 177-196.

[2]This theme is treated in detail in R. D. Wolf, The Economics of Colonialism: Britain and Kenya, 1895-1930 (New Haven: Yale University Press, 1974).

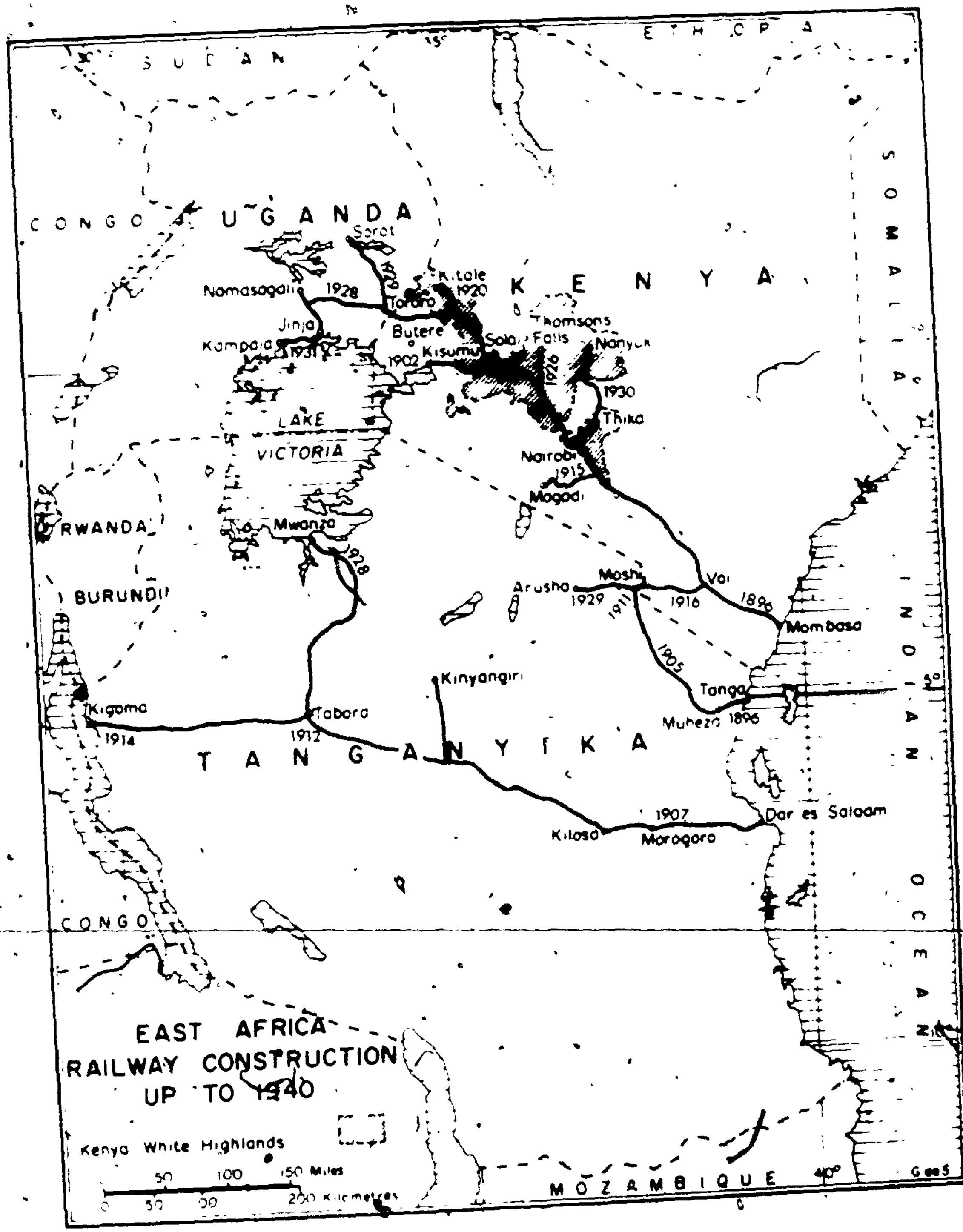
S U D A N
U G A N D A
K E N Y A
CONGO
RWANDA
BURUNDI
T A N G A N Y I K A
LAKE VICTORIA
S O M A L I A
I N D I A N O C E A N
M O Z A M B I Q U E
Soroti
Kitale
Nomasogali
Tororo
Jinja
Kampala
Butere
Kisumu
Thomsons Falls
Nairobi
Magadi
Thika
Mwanza
Arusha
Moshi
Voi
Mombasa
Tanga
Muheza
Kinyangiri
Kigoma
Tabora
Kilosa
Morogoro
Dar es Salaam
1928
1920
1931
1902
1926
1930
1915
1929
1911
1916
1896
1905
1914
1912
1907
EAST AFRICA
RAILWAY CONSTRUCTION
UP TO 1940
Kenya White Highlands
50 100 150 Miles
0 50 100 200 Kilometres

Figure 3.2

Mombasa and Dar es-Salaam, respectively, had been laid out by 1915 and subsequently gradually added to by building branch lines and feeder roads.

Establishment of colonial administration also followed a similar pattern of diffusion inland from the coast. In Kenya and Uganda, the Imperial British East African (I.B.E.A.) Company, a Royal Charter Company backed by British capitalists, was responsible for administering the possessions during the early years of 1888 to 1895. Like other chartered companies of that period, it was given wide powers to govern. To this end, the company managed to establish a chain of administrative stations along the coast and at strategic points in the interior along the caravan road to Buganda (Fig. 3.3).

In 1895, the British government took over the two protectorates from the company. The British agent at Zanzibar was appointed as the Commissioner for the British East Africa Protectorate, as Kenya was then known, while Uganda became a separate administrative unit. The already established company stations, together with the building of the Uganda railway along the former caravan route to Uganda, provided a base for further extension of colonial authority over the rest of the country. This process, which was nominally completed by 1912, consisted of the establishment of further administrative stations along the moving frontier of colonial authority in Kenya (Fig. 3.4). Similar diffusion of colonial authority also took place in Uganda and Tanganyika.

Even more significant than the creation of an administrative and transportation system was the fact that the colonial rulers in the three territories went, to a far greater extent than anyone had ever

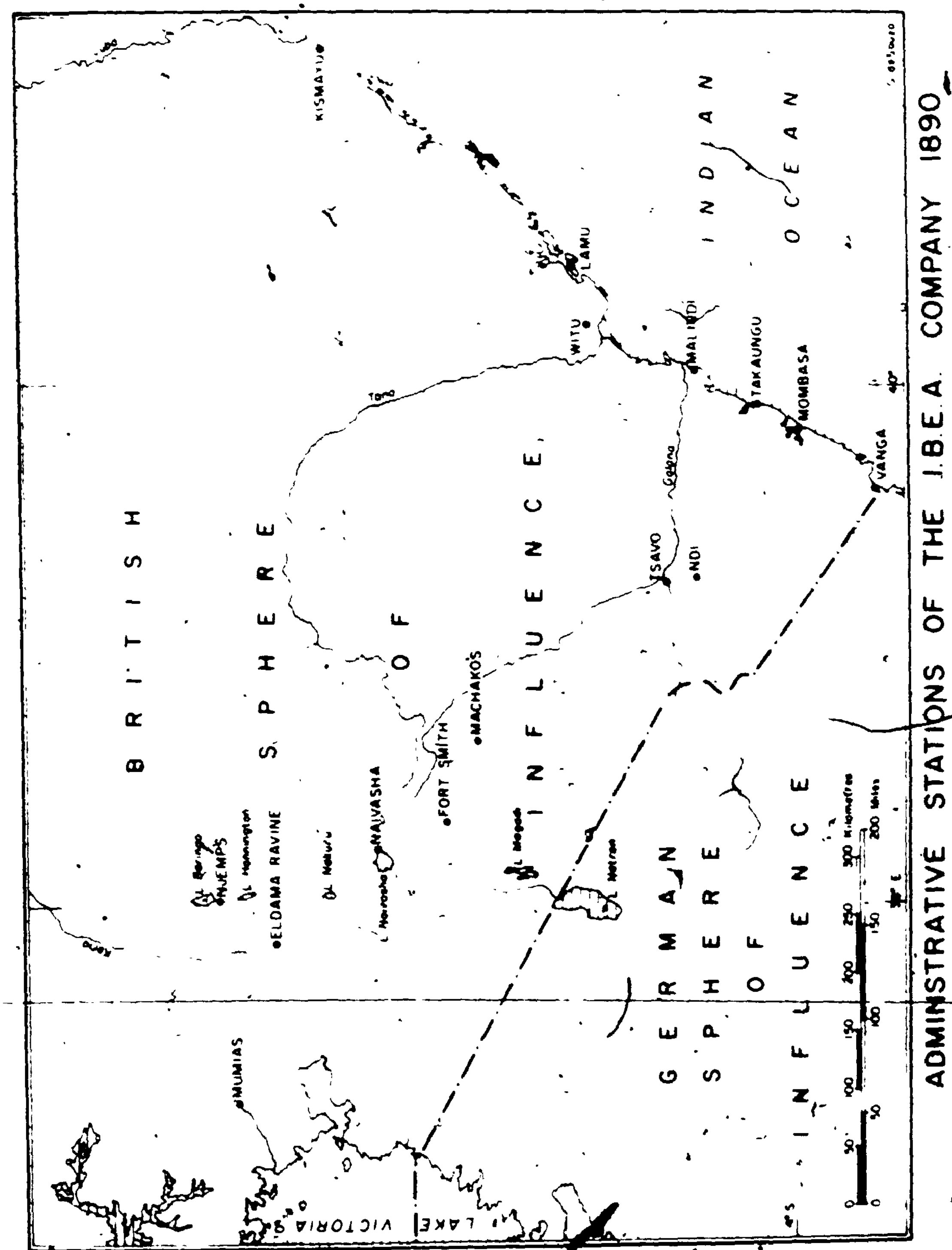
BRITISH SPHERE OF INFLUENCE
GERMAN SPHERE OF INFLUENCE
INDIAN OCEAN
KISMAYU
LAMU
WITU
MALINDI
TAKAUNGU
MOMBASA
VANGA
TSAVO
NDI
MACHAKOS
FORT SMITH
NAIVASHA
ELDAMA RAVINE
NJEMPS
MUMIAS
LAKE VICTORIA
Tana
Galana
ADMINSTRATIVE STATIONS OF THE I.B.E.A. COMPANY 1890

Figure 3.3

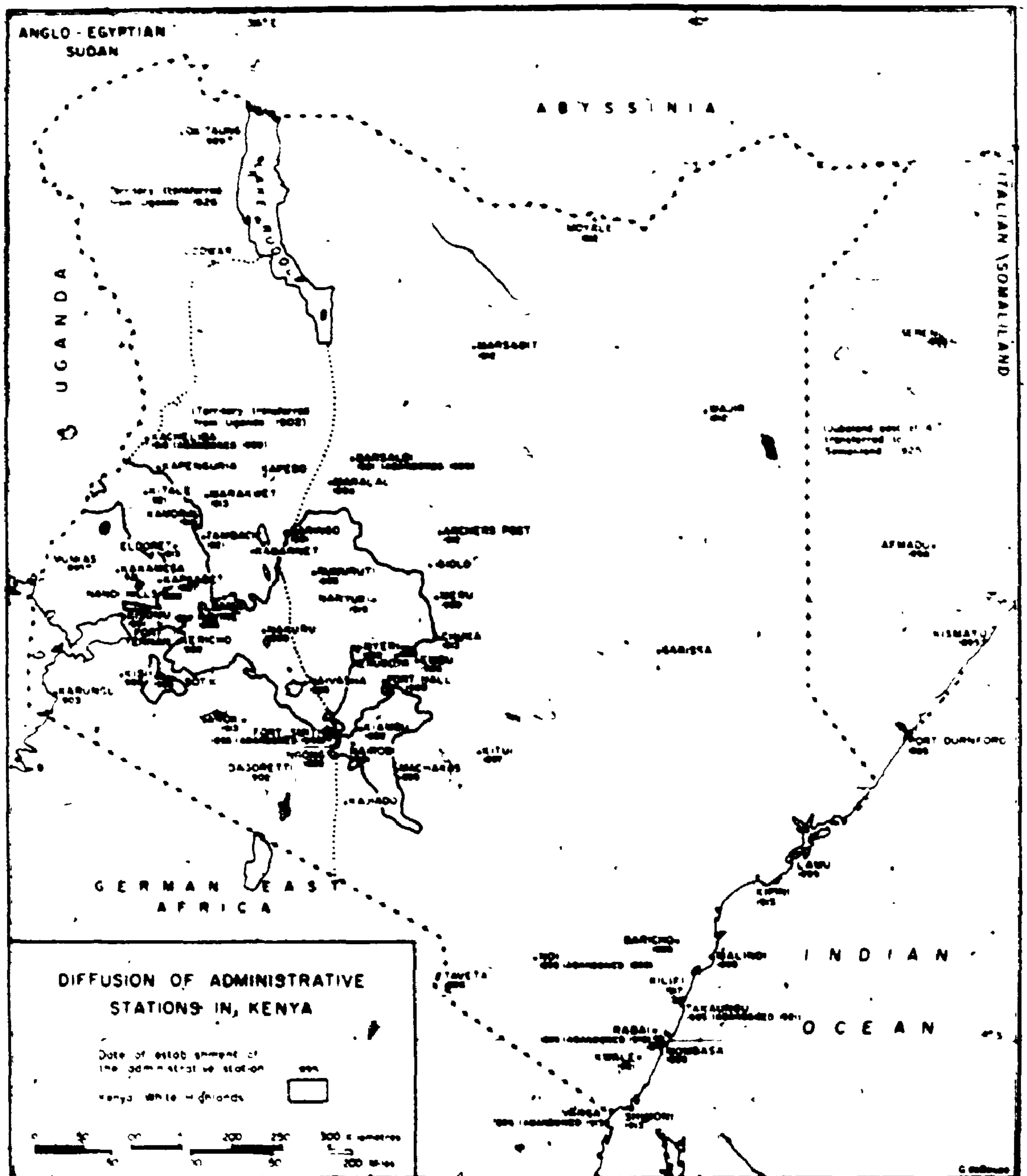
ANGLO - EGYPTIAN SUDAN
ABYSSINIA
UGANDA
ITALIAN SOMALILAND
GERMAN EAST AFRICA
INDIAN OCEAN
DIFFUSION OF ADMINISTRATIVE STATIONS IN KENYA
MARSABIT
ELDORET
KERICHO
LAMU
MOMBASA
FORT DURNFORD
ARCHERS POST
GARISSA
AFMADU
KISMAYU
NAIROBI
FORT HALL
DAGORETTI
KARUNGU
MALINDI
RABAI
MOYALE

Figure 3.4

done before, consciously to stimulate the organized production of agricultural and mineral raw materials in these territories. The reason for doing this, as for building the transportation and administrative infrastructure, was the fact that the new rulers of East Africa saw their territories as a source of basic raw materials and markets for the expanding industries of Europe. Reflecting on the seven decades of European rule in East Africa, one author concluded that:

> Although the details varied, the overall pattern of resource allocation inherited by the independent East African states, both singly and as a group, had therefore been shaped by half a century of development into a dual economy. An export enclave dependent on the sale of raw materials to the world markets and the import of manufactured goods in finished or semi-finished form primarily for the limited high income groups in the export enclave markets; and a hinterland characterized by low productivity, low income agriculture which provided low cost labour for export enclave production.[1]

In Kenya, the agriculture enclave in the "White Highlands" developed largely after the First World War and was based on a European settler group producing export crops utilizing low wage Kenya African labour in the same manner as had been established in South Africa and Rhodesia. Although, the number of settlers during the interwar period was no more than just over two thousand, their political cohesion and organization was very strong. This enabled them to bring very effective influence to bear upon a colonial administration which was recruited from the same social classes in England as themselves and with whom they socially intermingled freely. The settlers in Kenya thus precluded the development of an effective peasant export sector by monopolizing

[1]A. Seidman, Comparative Development Strategies in East Africa (Nairobi: East African Publishing House, 1972), p. 30.

resources of the government for themselves.[1] Thus, for instance, as Figure 3.5 shows, building of branch railway lines and feeder roads was mainly concentrated in the "White Highland" area. The British officials in Kenya and London were in agreement with the settlers over the basic objective of developing white settlement in order to relieve British dependence on extra Empire markets and sources of food and raw materials and to make the colony financially self-sufficient.[2]

The pattern of economic development in Uganda and the lake basin of Tanganyika was more akin to the West African one where African farmers were able to transform production from subsistence to export crop farming. Peasant enclaves thus developed in southern Uganda and the Lake Province in Tanganyika. Both of these areas had a suitable physical environment for producing tropical crops such as coffee, cotton and groundnuts for export and were favourably located at the railhead for access to the outside world. These peasant enclaves had developed, however, not as a result of any significant increase in the efficiency of factors of production but through employment of larger quantities of land and labour. The additional produce had far higher exchange value than any commodity which had figured in the old economic system, except ivory.

The pattern of economic development in East Africa as discussed in the foregoing can thus be summarized in terms of growth of settler

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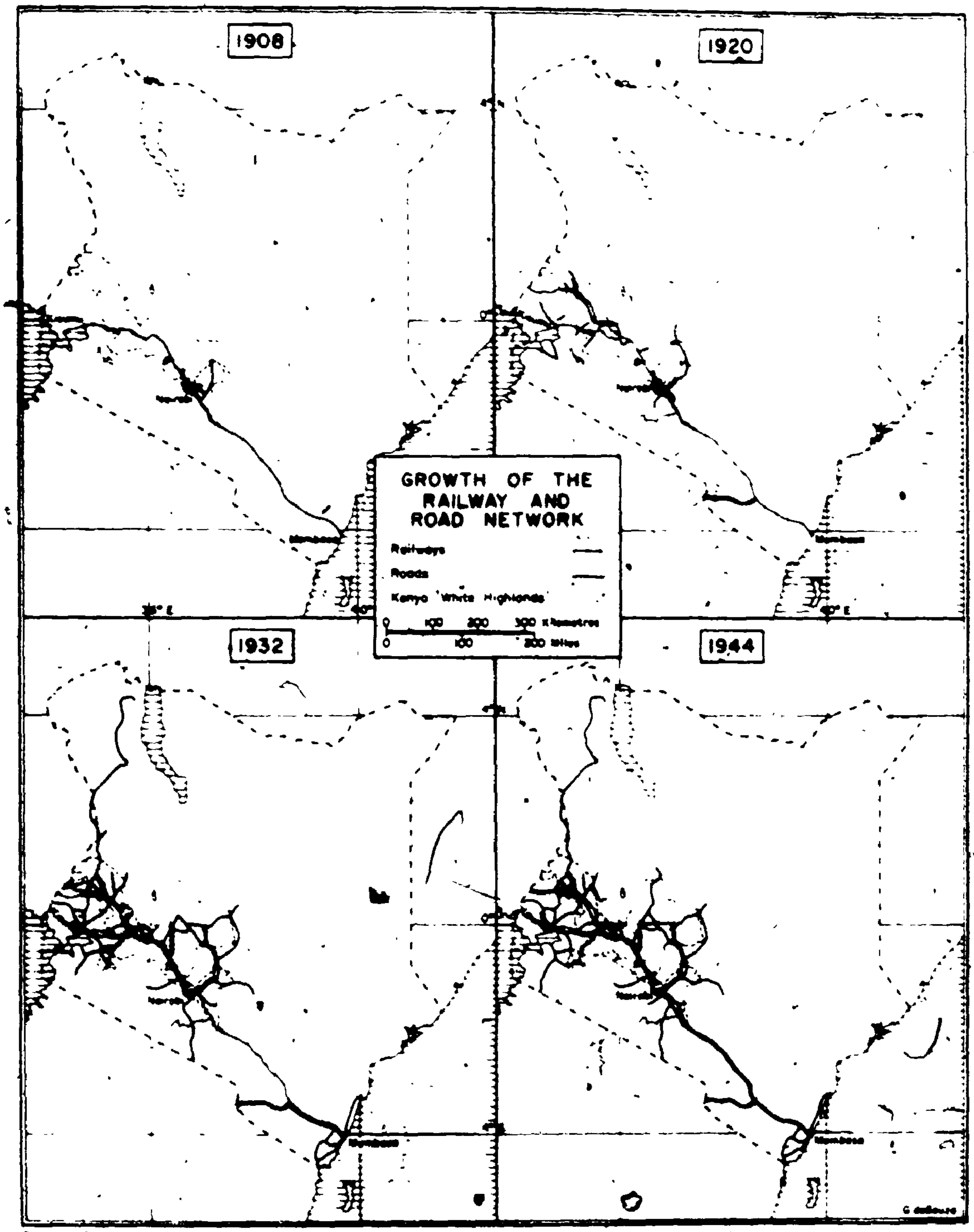
[1]M. J. Dilley, British Policy in Kenya Colony (London: Cass, 1937); E. Brett, "Economic Policy in Kenya: A Study in the Politics of Resource Allocation," East African Institute of Social Research, Conference Papers, January 1965.

[2]Wolf, op. cit.



Source: Soja (1968) p. 30 with modifications

Figure 3.5

and peasant agriculture enclaves complemented by the growth of an appropriate transportation and administrative network. A third, equally important, element in this development process which has not been discussed so far was the concurrent growth of an institutional structure of mercantile intermediaries which had helped to shape and become an integral feature of the export enclaves of the dual economies in the three territories. These intermediaries provided the nexus between the enclaves and the metropolitan economies.

As will be demonstrated in the following chapters, Zanzibar and subsequently Mombasa served as the organizing nodes for those intermediaries whose interests lay in the peasant enclaves located in the lake basin of Uganda and Tanganyike; Nairobi, on the other hand, developed as the organizing node for those whose interests lay predominantly in the settler enclave in the White Highlands in Kenya. The spatial dynamics of these intermediaries will be examined in detail.

CHAPTER IV

EMERGENCE OF ZANZIBAR AS THE EMPORIUM OF LONG-DISTANCE TRADE IN EAST AFRICA, 1830-1885

During the thousand years preceding the early 19th century, long-distance trade in East Africa had been focussed on several relatively small and independent port settlements along the east coast. In the years 1830 to 1885, this pattern of trade and urban development underwent a remarkable revolution by becoming polarized on Zanzibar. The port city of Zanzibar thus emerged as the commercial emporium of East Africa, far superior in its significance to any other port settlement along the east coast; this situation prevailed during the period of scramble in the last two decades of the 19th century, and, although subsequently weakened and destroyed, it persisted for some time into the 20th century.

In the literature on the economic history of East Africa pertaining to this period, two hypotheses have been proposed to explain the remarkable growth of Zanzibar as the entrepot for East Africa. The first hypothesis is couched in terms of the traditional "site and situation" model.[1] It argues that Zanzibar became important on account of its location within limits of dependable Monsoons and directly

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[1] B. A. Datoo and A. Sheriff, "Patterns of Ports and Trade Routes in Different Periods," in L. Berry (ed.), Tanzania in Maps (London: University of London Press, 1971), pp. 102-105.

opposite the Mrima coast,[1] from where trading relations with the interior could be developed most easily. The belt of aridity, called the Nyika (wilderness), which stretched in a north-south direction immediately adjacent to the east coast and which constituted a barrier to internal penetration by coast caravans, was at its narrowest here. The island of Zanzibar, besides being an important watering place for ships and on account of its insularity being sheltered from attacks by mainlanders, thus combined an enviable central and most favourable position along the east coast. However convincing and logical this "site and situation" hypothesis may be, it is not entirely satisfactory because one cannot justify the pattern of urban growth in East Africa during this period exclusively in terms of site, situation and physical barriers. As Pred has pointed out with reference to the growth of early American mercantile cities, "The geographic superiority of a city relative to other points furnishes merely a 'potentiality' and by no means guarantees success, just as success does not automatically mirror superior site and situation."[2]

The second hypothesis given for the emergence of Zanzibar is an economic one phrased in a "terms-of-trade" argument.[3] The

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[1]The name "Mrima" refers to that portion of mainland coastline directly across from Zanzibar.

[2]Pred, Urban Growth and Circulation of Information, op. cit., pp. 224-225.

[3]A. Sheriff, The Rise of a Commercial Empire: An Aspect of the Economic History of Zanzibar. Ph.D. Dissertation, University of London, 1971.

considerable international demand in Europe and North America for ivory--the main export of East Africa at that time, and always short in supply--had kept ivory prices continuously high during this period.[1] On the other hand, prices for manufactured goods imported from these western countries remained, more or less, steady due to increasing mechanization. These divergent price curves are hypothesized as having constituted a dynamic force in the emergence of Zanzibar. However, the "favourable-terms-of-trade" hypothesis only explains the reasons for the expansion of external trade between East Africa and the western world. Like the site and situation explanation, it falls short of coming to grips with the central issue here which relates to the causes of polarization of mercantile activities associated with long-distance trade on Zanzibar.

An alternative hypothesis is offered in this chapter to account for the emergence of Zanzibar as the unrivalled entrepot of East Africa. An attempt is made to show that it was primarily the organizational adaptation, resulting from the need for information to cater to the long-distance trading system then prevalent in East Africa, that led to the establishment and expansion at Zanzibar of mercantile intermediary activities associated with this trade. The polarization of these activities on Zanzibar was thus a function of its role as a point of attachment for East Africa's external trading partners in need of this information.

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[1]Reasons why supply of ivory did not then respond to high prices include lack of capital and the fact that the caravan system of trade entailed a very slow turnover of capital besides other factors such as wars and famines in the interior.

4.1 Growth and Character of Long-Distance Trade

Until 1834, the legitimate trade (i.e., exclusive of slaves) of Zanzibar was very trifling; in that year the exports consisted of a little ivory and gum copal brought from the mainland, and the imports were chiefly dates from the Gulf of Persia, sugar and rice from Bombay and cloth from Cutch, Surat and Gujerat in India. Zanzibar was the chief market for the domestic Indian blue cotton cloth (kaniki) industry then, and the trade was carried by small country vessels which made only one trip a year.[1] Thus, in 1811, fifty percent of Zanzibar's imports consisted of surat clothes from Cutch and Surat. Its Arab inhabitants were in a state of poverty and had neither money nor goods to give in exchange. Almost the only trade carried on was the export of slaves to the French Island of Bourbon and to the Persian Gulf as had been the case since the Portuguese period,[2] while Cutch and Surat were the main market for its ivory. Consequently, the first time a trading vessel from America called at Zanzibar in 1830, it could dispose of nothing more than a few bales of calico.[3] In 1811, between 6,000 to 10,000 slaves passed through the Zanzibar market. In the interior,

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[1] C. E. Russell, General Rigby, Zanzibar and the Slave Trade (London: George, Allen and Unwin, 1935), p. 102; J. S. Mangat, A History of Asians in East Africa (Oxford: Clarendon Press, 1969), p. 6.

[2] However, ivory must also have been an important item of trade even then as indicated by the fact that during the first decade of the 19th century, Zanzibar could afford to pay its annual dues to Muscat in ivory. R. F. Burton, Zanzibar, City, Island and Coast, Vol. II (London: Tinsley Bros., 1872), pp. 493-494.

[3] R. Coupland, East Africa and Its Invaders, from the Earliest Times to the Death of Seyyid Said in 1856 (Oxford: Clarendon Press, 1938), pp. 316-320.

this trade was carried on mainly by barter and haggling,[1] and even as late as 1853, David Livingstone, one of the first Europeans to travel in the interior of East Africa, came across Arab slave traders financed by Zanzibar merchants in the heart of Africa bringing trade goods such as clothes, beads, guns and gun powder to exchange for slaves and ivory.[2] Everywhere, the slave traders maintained a network of trading camps which were connected by paths to the coast.[3]

The emergence of Zanzibar as the emporium of East African trade during the next three decades was a function not only of increased trade between Zanzibar and its traditional trading ally India but also, what was to be even more important subsequently, of an extension of the imperial commercial network of western nations to Zanzibar.[4] The latter move, heralded by the United States in 1830 when its first trading vessel called at Zanzibar,[5] marked the initial stage of a long process continuing into the 20th century, that paved the way for integration of East Africa into the international mercantile network of western capitalism. This process, signified then in the signing of

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[1]A. H. Quiggin, Trade Routes, Trade and Currency in East Africa, Occasional Paper No. 5 of Rhodes-Livingstone Museum, 1949, Livingstone, Rhodesia.

[2]Letter by David Livingstone to Dr. L. Marsh, dated 21st November 1872 in Z. Marsh, East Africa through Contemporary Records (Cambridge, Mass.: Cambridge University Press, 1961), pp. 43-46.

[3]T. Wakefield, "Routes of Native Caravans from the Coast," Journal of Royal Geography Society, Vol. 40 (1870).

[4]This, in fact, was an extension of a similar western relationship that had been already developed with East India.

[5]C. J. Brady, Commerce and Conquest in East Africa with Particular Reference to Salem Trade with Zanzibar (Salem: Essex Institute, 1950).

commercial treaties between Zanzibar and the various European metropolitan powers,[1] was based on an exchange of cheap manufactures of western nations such as cotton goods, beads and copper wire for the products of the East African region in demand then in the west. The latter products were primarily gathered resources--ivory and gum copal, a characteristic of collecting economies.

By 1864-1865, the total value of Zanzibar's legitimate external trade (that is, excluding slaves) had grown to $7,092,054 (Table 4.1). Similarly, the total revenue from Zanzibar's customs had increased from about £10,000 in 1828 to £20,000 in 1834 and £50,000 in 1859.[2] Accurate figures for slave trade are not available, but despite the naval patrols and treaties, the number of slaves brought from the interior to the coast in the 1860's was substantially greater than before and the revenue from taxes on slave imports from the mainland at Zanzibar in 1871 amounted to £20,000--about twice the yield of 1845 and about a quarter of the Sultan's total revenue.[3]

Expansion of commerce at Zanzibar during this period is also indicated by the considerable increase (of over 100 percent) in the tonnage of vessels visiting Zanzibar (Table 4.2 --it should be noted

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[1]Treaties of commerce, which ensured the subjects of the signatories rights to trade and reside in Zanzibar without hinderance, were signed with the U.S.A. (1834), U.K. (1841), the Hansatic League towns of Lubeck, Bremen and Hamburg (1859), Italy (1870), Portugal (1870), Germany (1885), Austria-Hungary (1887) and Russia (1896).

[2]Coupland, op. cit., pp. 316-320.

[3]Sir John Gray, "Zanzibar and the Coastal Belt, 1840-84," in R. Oliver and G. Mathew (eds.), History of East Africa, Vol. 1 (Oxford: Clarendon Press, 1963), p. 257.

that this table excludes the traffic with Cutch, Bombay, and Arabia which was almost entirely carried on in dhows and buttelas of which no register was kept at Zanzibar). The trade that had established itself at Zanzibar was mainly of an entrepot nature whereby Zanzibar acted as a clearing house through which was channeled the international mercantile trade between the mainland of East Africa, Madagascar and Comoro Islands and the rest of the world.[1] Zanzibar had emerged as the chief world market for the supply of East African ivory, gum copal and cloves.

The trade that passed through the hands of the intermediaries at Zanzibar basically consisted of:

(a) Produce that was imported from the east coast of Africa and subsequently re-exported to other ports of the world (Table 4.3), consisting largely of ivory, gum copal and cowries (Table 4.4).

(b) Articles of foreign manufacture that were imported from abroad and subsequently exported to the east coast of Africa (Table 4.3), consisting largely of cotton clothes, beads, brass wire, muskets and gunpowder (Table 4.4).

(The above two activities (a and b) accounted for the largest share of Zanzibar's commerce.)

(c) Domestic produce of Zanzibar consisting of cloves and coconut products exported abroad (Table 4.4).

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[1] Report on Zanzibar Dominions by Lt. Col. C. P. Rigby, H.M.'s Consul and British Agent at Zanzibar, Bombay, 1861. Printed as Appendix II in Russell, op. cit.

India[1] which historically had always been an important trading partner of Zanzibar still maintained its lead over the newly arrived competitors from the west. Among western nations, the United States was the leading trading partner for about three decades, beginning in 1830.[2] Besides the fact that the Salem merchants of the United States enjoyed an advantage by virtue of their early contact with Zanzibar when there was relatively little competition from other western nations, they also dominated the market for the then leading import of Zanzibar--cotton cloth--which was greatly in demand on the mainland.[3] The Americans could compete in this trade not only with western nations but also with Cutch and Surat, which thus far had been the main suppliers, because of lower priced cotton in the United States and, partly, because of its durability.[4] Thus, for instance, in 1856, "the total yearly value of outward American cargoes [to Zanzibar] consisting almost exclusively of Lowell manufactured cotton sheeting and shirting, was averaging a million dollars..."; in fact, "so steadily was the sheeting in demand that, in time, it took the place of currency, and prices of all sorts of goods were quoted in it...", and "the form 'americani' or 'mericani',

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[1] India included then British India as well as British Indian Protected States such as Cutch.

[2] N. R. Bennett, "Americans in Zanzibar, 1825-1845," Tanganyika Notes and Records, No. 56 (1961), pp. 93-108, discusses the origin of American trade with Zanzibar.

[3] Bennett, "Americans in Zanzibar, 1845-65," op. cit., No. 57 (1961), pp. 121-138.

[4] C. F. Ware, The Early New England Cotton Manufacture (Boston: Houghton and Mifflin, 1931), pp. 49-50.

the name of the country which manufactured it, was adopted as the ordinary Swahili word for calico..."[1]

After the 1860's, owing to domestic crisis in the United States and the opening of the Suez Canal in 1869, American dominance of the Zanzibar trade largely declined[2] while that of Western Europe, particularly Germany, increased (Tables 4.5 and 4.6). By 1870, German trade with Zanzibar had outstripped that of America, and between 1859 and 1871 had doubled.[3] India, however, still maintained its position as the leading trading partner of Zanzibar (Tables 4.5 and 4.6). The composition of Zanzibar's mercantile trade throughout this period remained remarkably consistent, cotton cloth of various kinds being the leading import and ivory, gum copal and cloves heading the export list of legitimate trade (Tables 4.7 and 4.8).

4.2 The Pattern of Commercial Organization

The general pattern of growth and characteristics of long-distance trade in East Africa during the second half of the 19th century has been outlined in the previous section. In the following, an attempt is made to analyze the pattern of commercial organization

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[1]Brady, op. cit., p. 118. Besides Lowell, this cloth was also manufactured in the mills of Salem and Lawrence in Massachusetts.

[2]J. M. Gray, "Early Connections between The United States and East Africa," Tang. Notes and Records, No. 2 (1946), pp. 55-86; N. R. Bennett, "Americans in Zanzibar, 1865-1915," Tang. Notes and Records, No. 60 (1963), pp. 49-66.

[3]M. E. Townsend, The Rise and Fall of Germany's Colonial Empire (New York: H. Fertig, 1930).

that had developed and was centred primarily at Zanzibar. It will be shown that the development of such a polarized pattern of organization was a function of Zanzibar's role as a point of attachment in the system of long-distance trade and, more particularly, a response to the manner in which long-distance trade transactions within the local mercantile community were normally carried out. Because of the non-routine and oral nature of such transactions, the high degree of risk involved in the system of financing caravan trade and because of the associated pattern of commercial organization over the hinterland, face-to-face contact among the various types of intermediaries involved in this trade was of utmost importance. This, in turn, had a significant impact on, and offers an alternative explanation for, the polarization of commercial organization on Zanzibar.

4.2.1 Organization of The Mercantile Community at Zanzibar

The commerce of Zanzibar during the 1850's owed its expansion to, and was channeled through the hands of, two groups of non-indigenous middlemen communities then resident in Zanzibar--agents of the European and American mercantile houses and the Indian merchant community. The latter acted as intermediaries between the European houses and the African producers of exports and consumers of imports on the mainland. However, the Indian merchants were also engaged in foreign trade on their own behalf.[1]

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[1] In 1883, for instance, besides the large numbers of Arab craft trading between Zanzibar and India, there were 270 'native vessels' owned by British Indians in Zanzibar having an aggregate tonnage of 8,100 tons. F. Holmwood, "The Trade Between India and the East Coast of Africa," Journal of Society of Arts, Vol. 33 (1885), pp. 417-429.

By 1857, there were at least six European and three American firms represented at Zanzibar.[1] Their vessels brought cargo from home ports to Zanzibar on a round trip voyage that could take up to about a year and usually also included visits to the ports of Madagascar Island, the Somali Coast, the Red Sea, and the Persian Gulf.[2] (For instance, the Salem merchants trading with Zanzibar had ten to twelve vessels of about 250 tons each in 1851 engaged in this trade.) The usual trading practice was that once a vessel had arrived at Zanzibar with merchandise to dispose of, the agent of the house to whom the vessel had been consigned or the supercargo would contact one of the larger Indian merchants on the island to arrange for sale of the ships' cargo.[3] The Indian merchant, acting as a sub-agent, would call together other Indian traders on the island to show them the samples and fix a price. Once a satisfactory arrangement had been reached, the former then took delivery of all merchandise, and the responsibility for its payment. Before concluding the sale, the agent or the supercargo also fixed with the Indian subagent the kind of return cargo desired and time of delivery. The Indian merchant, in turn, contracted for the return cargo, cash on delivery, from the smaller firms to whom he had

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[1] Burton, op. cit., pp. 318-322.

[2] N. R. Bennett and G. E. Brooks, New England Merchants in Africa, A History through Documents 1802-1865 (Boston: Boston University Press, 1965), Documents XIX.9, XIX.11 and XIX.14. (This is a collection of papers of American merchants involved in trade with Africa, autobiographical writings and American consular reports and correspondence and is useful for the perceptive observations of the New England merchants on Zanzibar's trade.)

[3] Based on Bennett and Brooks, op. cit., Document XIII.9.

sold the imported merchandise on credit of about five to six months. Meanwhile, the vessel departed for other ports in the Indian Ocean where sometimes it left members of its crews as temporary agents to collect cargoes for the vessel's return[1] and while the resident agent at Zanzibar sold landed cargo and collected for the return voyage. Funds to procure return cargoes had to be obtained from sale of imports since there was no market as yet in Zanzibar for Bills of Exchange drawn on England as was the case at Indian ports.[2] All the important American and European mercantile houses, once they had established regular trading links with Zanzibar, thus maintained an agent there. Through his direct presence at Zanzibar, he was in a much better position to appraise the local market for ivory and "merikani" and forward this information to Hamburg or Salem.

The distributive trade of Zanzibar was dominated by a handful of large Indian firms and their agents (an estimated four-fifths of foreign trade passed through their hands).[3] They bought up the entire

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[1] Ibid., Document XIII.17. For instance, the port of Brava on the Somali Coast was often visited for hides.

[2] Ibid., Documents XIX.51 and XIX.57. A number of currencies, among them Indian rupees, German crowns (Maria Theresia dollars) and American, English and French currencies were reported to be in circulation then. Because of this and since Zanzibar did not yet form part of the international banking network despite its heavy dependence on foreign trade and while international communication was very poor, speculation in currency was very rife at Zanzibar.

[3] The most noted of these firms were those of Jairam Sewji, Sewa Haji and Tarya Topan. The former firm, for instance, based on Kutch-Mandvi and Bombay managed to build up an extensive business network in East Africa since 1835, after having acquired the post of customs collector. In 1873, it had a capital of £434,000 invested in loans and mortgages in East Africa, of which £60,000 had been advanced to the Sultan, about £200,000 to Arabs in Zanzibar and on the coast for

cargoes of visiting American and Hamburg vessels; they had agents along the coastal towns to receive these goods and exchange them for ivory and gum copal and then despatched to Zanzibar in repayment to the European commercial houses. These large Indian firms also acted as bankers and financiers of foreign trade and as underwriters. The usefulness of the role played by such firms in Zanzibar's trade can be obtained from the remarks of the American Consul in Zanzibar made in 1851 on the death of one of these merchants, Tarya Topan:

> His death is a great loss to us as we shall have great difficulty in making sales as the Banyans [Indian merchants] will buy but one cargo at a time, so that in case of one vessel arriving a few days after another, it will be necessary to store the goods.[1]

Most of the other Indian traders in Zanzibar were men of small capital, more brokers than merchants and, unless they found a ready market for goods, could not trade.[2] Moreover, large numbers of them were, in fact, small-scale retail tradesmen "who will buy and sell

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trading purposes, while loans and advances made to European and American Houses at Zanzibar amounted to ￡140,000 and those to Indians about ￡100,000. These were the African assets of the firm and did not include the capital and stock in trade of the parent firm in Mandvi and Bombay which far exceeded the African investment. For more detailed histories of these firms, see Mangat, op. cit., pp. 15-21 and A. T. Matson, "Sewa Haji: A Note," Tang. Notes and Records, No. 65 (1966), pp. 91-94.

[1]Bennett and Brooks, op. cit., Document XIX.3.

[2]As one American merchant in Zanzibar remarked "taking all things into consideration, a more safe and expeditious business can be done with Jeram (Sewji) than all other merchants put together in Zanzibar." Ibid., Document XIII.9. Accurate statistics on Indian population of merchants and tradesmen of Zanzibar and along the east coast towns before 1874 are not available (and those that are available are conflicting). It could not have exceeded 7,000 by 1860, consisting largely of Bhatias and Indian Muslims.

anything from a bead to a bale of cloth."[1] The foreign European firms could rely on the credibility of the larger, well-established firms, some of which possessed tremendous power and influence in Zanzibar's commercial and political circles. This position was strengthened by the normal practice of Zanzibar's ruler to lease the customs to the highest bidder among the Indian merchants every few years for the whole of his dominions in East Africa.[2] Thus, not only were the other Indian firms at Zanzibar under the control of the customs master, but the European firms as well were dependent upon his borrowing and lending powers. Through kinship networks, the customs master exercised his control of trade at Zanzibar and at towns along the entire east coast, as commented by Burton in 1857:

> Ladha Damha farms the customs at Zanzibar; at Pemba Island his nephew Peru has the same charge; Mombasa is in the hands of Lakhmid and some of his co-religionists; Pangani is directed by Tulsidas...even S'aadani has its Banyan; Ramji, an active and intelligent Banyan, presides at Bagamoyo and the customs at Kilwa are collected by Kishandas. I need hardly say that almost all of them are connected in blood as well as trade.[3]

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[1] Ibid., Document XIX.3.

[2] Having paid a specific amount (1837: $150,000; 1846: $165,000; 1864: $195,000; 1870: $310,000; 1880: $500,000) for this privilege, the firm to which the customs had been auctioned collected all the customs duties on imports and exports at Zanzibar and at the coastal towns. The firm of Jeram Sewji which acted as custom master from 1830 until 1866 was reported making a profit on this of $100,000 in 1839. Bennett and Brooks, op. cit., Document XIII.7. The Sultan of Zanzibar delegated his customs in Muscat the same way (for $80,000 in 1846), and these constituted the sole sources of his public revenue, there being no other taxes.

[3] Burton, op. cit., pp. 327-328. The enterprising Bhatias or Cutch Banyans were the merchants par excellence not only at Zanzibar but all along the coast of the western Indian Ocean. The Periplus

The Indian merchant firms at Zanzibar, some of whom owned their own dhows to conduct the substantial trade between India and Zanzibar, also controlled the coastal carrying trade between Zanzibar and the mainland. The European firms were prohibited from trading in ivory and copal on the Mrima coast; only Indians, among all alien traders, were allowed this privilege which enabled them to emerge as an important commercial community in Zanzibar with a crucial role in all branches of its economy. From their earnings as middlemen, the Indians at Zanzibar and along the mainland were gradually coming to acquire a share of the property and wealth of the island and coastal towns formerly owned by Arabs who were becoming impoverished. An indication of the rising power and economic status of the Indian merchants may be found in the increasing number of substantial stone buildings built by them.[1]

The emergence of Zanzibar as an emporium of East African trade was also partly due to the personal foresight and commercial acumen of the Sultan, who pursued a liberal mercantilist policy of encouraging trade at Zanzibar. Aside from furthering Indian immigration, he was the first ruler in Africa to sign commercial treaties with western

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makes reference to them and Vasco de Gama found them in 1498 at Mozambique, Kilwa, Mombasa and Malindi in control of the commerce. They rose rapidly in mercantile repute during the 19th century at Zanzibar largely on account of the encouragement given to them by the Sultan to establish at Zanzibar and partly "by their commercial integrity, frugality and perseverence..." The Sultan gave them complete religious tolerance and listened to their advice on commercial as well as political affairs. Burton, op. cit., pp. 328-329.

[1] Burton, op. cit., pp. 327-328, reported as early as 1857 that Indians at most of the coastal towns such as Bagamoyo and Mombasa along the mainland had built substantial houses and owned plantations (shambas) around these towns, which they had acquired from the Arabs.

powers and, significantly, established continuous and good relations with his trading partners. As one American merchant observed in 1846:

> Zanzibar ... is a safe harbour and the trade can be carried on to a better advantage as American houses have their agents established here, and who are well protected in their persons and property, and a friendly feeling exists between them and the native merchants.[1]

The Sultan himself was an important merchant in Zanzibar[2] and as early as 1839 was reported sending expeditions some hundreds of miles into the interior. As pointed out earlier, the patriarch Sultan's ambition was to create not a territorial but an economic empire in East Africa. He was entirely dependent upon trade for his own private income and public revenue. His wealth and effective power were, therefore, directly related to the extent to which the merchant community of Zanzibar could expand its trade.[3]

4.2.2 The Pattern of Commercial Expansion over The Mainland

DIFFUSION OF THE CARAVAN TRADING FRONTIER

It was largely the presence of Indian merchants and capital at Zanzibar which were the key to the genesis and diffusion of long-distance caravan trade shortly after 1820 from the coast to the interior of East Africa. With the trade goods imported from abroad, Indian firms at Zanzibar and along the coastal towns financed Arab/Swahili caravans

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[1]Bennett and Brooks, op. cit., Document XVI.23.

[2]The Sultan dealt extensively in copal and hides besides owning clove and sugar cane plantations on the island.

[3]Gray, "Zanzibar and the Coastal Belt" in History of East Africa, Vol. I, op. cit., p. 224.

to barter these goods for ivory and gum copal along the coast and in the interior to be brought back to Zanzibar in settlement of the debt. Because of the high degree of risk involved and the fact that the caravan system of trade entailed a very slow turnover of capital, the interest rates charged were high and the system of trade demanded a marked degree of mutual trust.

Owing to the increasing demand in Europe and America for ivory and copal and for slaves at the coastal plantations and in Arabia, the trade and trading population of coast towns situated on the Mrima coast directly across from Zanzibar increased. New routes into the interior were established and trade penetration extended further westwards with caravans growing in size and frequency.[1] The main avenues for inland penetration were determined by favourable geographical conditions and lay along the corridor of the Pangani River (Fig. 4.1). Hence, towns of relatively recent origin such as Bagamoyo, Tanga and Sa'adani, all situated directly across from Zanzibar on the Mrima coast, provided the base for the commercial expansion while their immediate and more distant hinterlands supplied to Zanzibar the best quality and largest variety of ivory and gum copal. As one European missionary observed in 1883:

> Bagamoyo has become the most important market on the coast, second only to Zanzibar. Here arrive ivory, gum copal, simsim, raffia and all other products of this region. In a good season, seven, eight, ten thousand strangers come with the caravans in a single week. And on the 6th of November, last year, one could watch the arrival of a famous merchant traveller,

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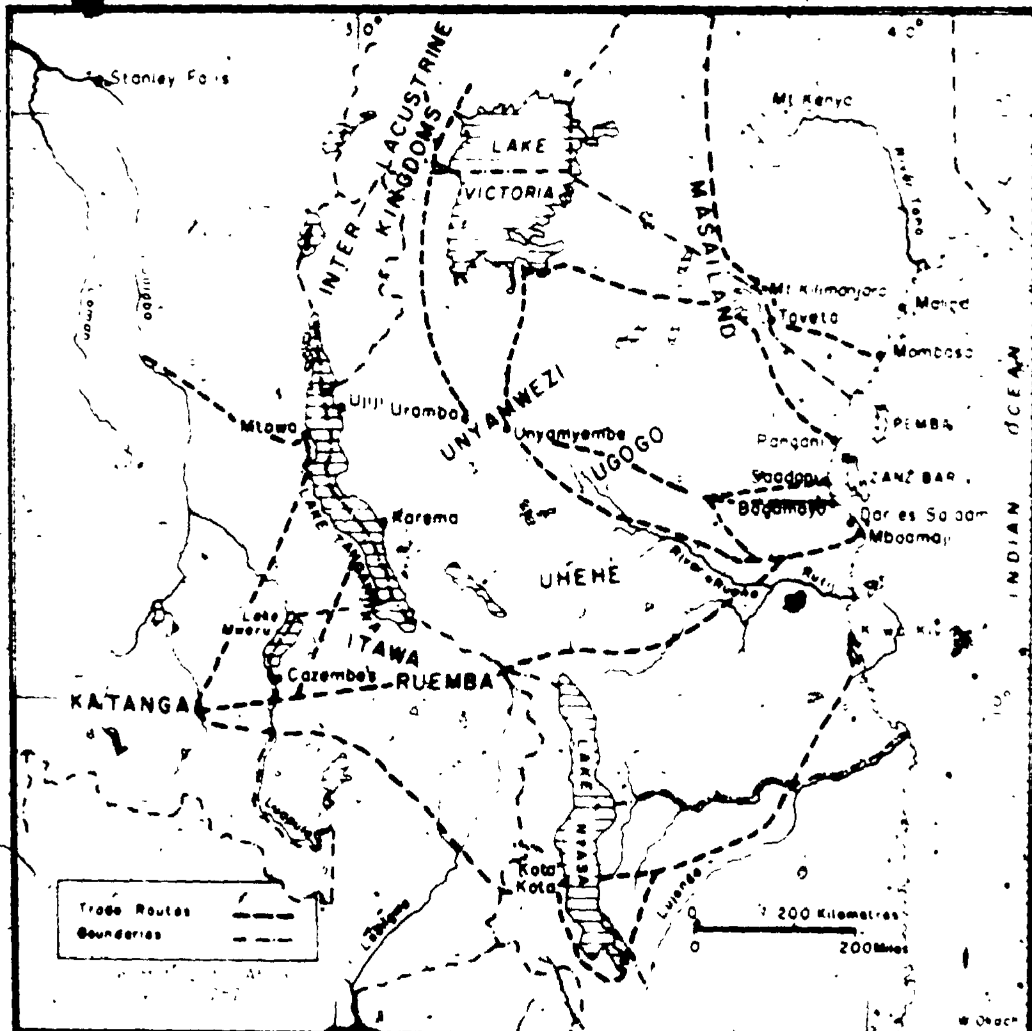
[1] Idem.



APPROXIMATE LINES OF THE MAIN TRADE ROUTES TO THE INTERIOR BASED ON ZANZIBAR, 1840 — 1884

Figure 4.1

2 OF/DE 4

Tippu Tip by name, who came from the interior with 70,000 lbs. of elephant tusks and 2,000 porters.[1]

Each coastal settlement had its own governor (in many cases appointed by the Sultan), custom officials, a few soldiers, its Indian merchants and Arab/Swahili caravan organizers. A majority of the Indian merchants of these coastal towns were merely agents for the firms having their headquarters in Zanzibar and probably did little wholesale business at these coastal outposts, except in making advances of import goods to the caravans going inland, in return for repayment of produce brought from inland. In addition, they acted largely as retailers, bartering imported wares for local produce (with copal diggers, for instance) which, in turn, they exchanged wholesale with Zanzibar firms, after a sufficient quantity had accumulated, for imported goods.[2]

RE-ORIENTATION OF INDIGENOUS REGIONAL TRADING NETWORKS[3]

Internally-oriented indigenous regional trading networks already existed on the mainland of East Africa during the years preceding the

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[1]R. Ollendoroff, "Bagamoyo: 1883-1945," Tang. Notes and Records, No. 20 (1945), pp. 62-63. Bagamoyo was the main coastal settlement for caravans proceeding inland both southwestwards and northwards, partly because of its location directly across from Zanzibar and because of its well-protected broad sandy shore which was uncovered at low tide and was suitable for beaching dhows. R. F. Burton, Lake Regions of Central Africa, Vol. II (London: Longman and Co., 1860), p. 57.

[2]Mangat, op. cit., p. 9.

[3]This sub-section is based on: E. Alpers, "The Coast and the Development of Caravan Trade," in I. N. Kimambo and A. Temu (eds.), History of Tanzania (Nairobi: East African Publishing House, 1969), pp. 35-36; I. N. Kimambo, "The Economic History of the Kamba 1850-1950," in B. A. Ogot (ed.), Hadith, Vol. II (Nairobi: East African Publishing House, 1969), pp. 79-103; R. Gray and D. Birmingham, Essays on Precolonial African Trade (London: O.U.P., 1970): A. D. Roberts, "Enlargement of Scale Among the Nyamwezi in the 19th Century," University of East Africa

penetration of Arab caravans from the coast into the interior.[1] Such indigenous trade that did exist in the interior, however, was of a very limited nature, based on a barter system and included only the basic necessities: exchange of foodstuffs during famines, iron implements and salt. Trade also supplemented subsistence agriculture, but there was no concept of profit-making, and no exotic goods were involved. The indigenous economics were multicentric, a common characteristic of marketless societies and of those having only peripheral markets.[2] In such economies, there were several distinct transactional spheres, each transacting different items or services. Each sphere was distinguished by different material items (e.g., prestige goods, subsistence goods) and distinguished by different modes of exchange, based, for instance, on the principle of reciprocity for prestige goods and socially obligatory gift exchange based on kinship ties for subsistence goods. This kind of exchange was often social in motivation and functions and did not demand existence of market institutions.[3]

Gradual diffusion of Arab caravan trade into the interior led to the linking up of the two independently evolved regional trading

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Social Sciences Conference, January 1968; C. Good, Rural Markets and Trade in East Africa (Chicago: University of Chicago, Department of Geography Research Paper No. 128, 1970).

[1]For instance, see Good, op. cit.; G. Muriuki, "Kikuyu Reaction to Traders and British Administration 1850-1904," Hadith, Vol. I, op. cit., 1968, pp. 101-118; W. R. Ochieng, "Trade Contacts and Cultural Connections between the Gusii and the Luo in the 19th Century," forthcoming in Hadith, Vol. V, for a survey of indigenous precolonial trade in various areas of Kenya.

[2]P. Bohannan and G. Dalton (eds.), Markets in Africa (Evanston: Northwestern University Press, 1962), p. 2.

[3]B. W. Hodder, "Some Comments on Origins of Traditional Markets in Africa South of Sahara," Trans. of the IBG, Vol. 36 (1965), pp. 97-105.

networks into a market-oriented trade cycle in central and western Tanganyika and southern Kenya and to the addition of ivory to the indigenous trade goods. These dynamic processes eventually brought about the formation of a vast, long-distance trading network, which linked the coast to the far interior, as the pattern of indigenous regional trade had its first nascent links forged with international commerce. This integration was promoted by a mutual desire of the people of the interior for imported trade goods such as cloth, beads, and wire in exchange for an increasing world demand for East African ivory and copal. Extension of the indigenous regional trading networks in the interior exposed its people to new influences emanating from abroad that were to lead to wide ranging economic changes in their lives--changes which also wrought significant transformation in their social and political organization, as happened, for instance, among the Mijikenda people on the Kenya coast and the Kamba and Kikuyu people living in the interior who took part in this long-distance trade.[1] The impact of these developments on the traditional economy was lasting. The newly created demand for imports, which in most cases were cheaper than locally produced articles, led to a modification of, and in some cases crippled, the traditional forms of production based on indigenous technology. For instance, local salt and iron implement producing enterprises, an important component of indigenous trade, gave way to

[1]For example, traditional authority gave way to new leaders able to mobilize the new resources of trade. T. Spear, "The Mijikenda in the 19th Century," Seminar Paper, Department of History, University of Nairobi, 1971; Kimambo, "The Economic History of the Kamba," op. cit., pp. 79-103; Muriuki, op. cit., pp. 101-118.

imported salt and iron implements which were cheaper while imported "merikani" replaced the traditional skin dressing and tanning industry.[1]

Development of external long-distance trade among the indigenous communities took place within the context of tribal institutions. It was based on the principle of redistribution, entailing socially obligatory payments of goods and services to an allocative centre, usually a king or a chief, where such existed, especially in the kingdoms of the lake basin region, such as Karagwe, Buganda and later Mumias. Hence, much of this trade was an activity of the state, a kind of "administered" trade. The market principle was not the mode of transacting nor, typically, was the market the site of such transactions. The caravan traders from Zanzibar were thus forced to visit several tribal centres where chiefly power permitted the accumulation of commodities in demand at the coast. Where such indigenous political systems did not exist, the caravan traders were literally forced to hawk from village to village with the entire caravans, as was the case in most of southern Kenya and central Tanganyika during the middle of the 19th century.[2]

Accumulation of demand for imported goods at the tribal centres and villages on the East African mainland greatly expanded the range of Zanzibar's hinterland. Accumulation of demand was possible because

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[1]Ochieng, op. cit., p. 6; D. M. Ngumo, Trade During the Pre-colonial Time in Nyeri District, B.A. Thesis, Department of History, University of Nairobi, 1972, p. 42.

[2]Sheriff, The Rise of a Commercial Empire: An Aspect of the Economic History of Zanzibar, op. cit., p. 377.

periodic links through caravan traders connected these inland centres to Zanzibar wholesalers. In the context of trade centre theory, one can conceptualize such links periodically coming into being when a sufficient demand had accumulated at interior centres to set forth the impulse to trade. Because of the barter mode of exchange prevalent then in East Africa, demand accumulation was expressed in terms of ivory that could be collected at these centres within a particular time period and which furnished the purchasing power for imported goods obtainable from Zanzibar.

ARAB SETTLEMENTS IN THE INTERIOR

When settlement of Arab agents did take place in the interior, largely after the middle of the 19th century, it was confined to communities that had been exposed to the influence of long-distance trade. Since hawking from village to village may have proved too cumbersome and dangerous for the coastal caravans, a system developed of establishing depots at the centre of ivory producing areas while their "factors" and slaves dispersed in all directions to exchange their goods for ivory.[1]

The largest and best-known of these interior Arab settlements was Tabora in central Tanganyika, located at the main inland caravan junction for the traffic to the north towards the lake basin. This settlement, however, "was not concentrated in one single centre which made it deserving of the name of 'town'. It comprised clusters of separate little hamlets, each comprising at the most some half dozen

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[1]*Ibid.*, p. 388.

fairly substantial Arab houses surrounded by clusters of native huts."[1] Its population of Arab traders varied between five and twenty-five, who used it as a trading base, including a substantial population of concubines and of slaves who worked as craftsmen. Another similar colony, whose remnants were still in existence in western Kenya around 1900, was "the slave emporium at Quitale, about 70 miles north of Nandi Fort," described by a contemporary observer as follows:

> This is an old slave market where the Arabs collected their slaves before their final march to the coast at Bagamoyo. I was originally put on this by an old Sudanese called Mbarak who served under Tippu Tib as a soldier and spent many weeks at Quitale....On reaching Quitale, I was delighted to find the remains of the double stockade which circled the slave market, an area of about 4 acres on a slight rise with open ground for about 200 yards on all sides....The main gate was to the south of the stockade, the latter being made of solid wooden uprights woven together with thorns and smaller branches.[2]

The village of Chief Mumia of the Wanga tribe in western Kenya probably also occupied a similar position as a caravan centre at a slightly later stage. Several other such inland Arab settlements were referred to by contemporary observers, such as Ujiji, Mpwapwa and Kidudwe, all of them being located in Tanganyika, the region most exposed to caravan trade, though most of them consisted of no more than a couple of Arab and Swahili traders.[3]

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[1] Gray, "Trading Expeditions...before 1857," op. cit., p. 244.

[2] R. Meineritzhagen, Kenya Diary 1902-06 (London: Oliver and Boyd, 1957), entry dated 7/6/1905. According to the author, this is the present site of Kitale, the present Kitale Club being on the site of the old slave market.

[3] Captain C. E. Foot, "Transport and Trading Centres for East Equatorial Africa," Journal of Soc. of Arts, Vol. 24 (1880), pp. 689-704.

4.2.3 Commercial Organization and Urban Development Associated with Long-Distance Trade Along The Kenya Coast

Although Zanzibar was the chief market for products of the East African interior, trade did not pass through Zanzibar exclusively. A portion of it was carried on directly with Arabia, the Persian Gulf and Bombay from the ports of Kilwa, Mombasa, Lamu, Brawa and Marka, located on the periphery of Zanzibar's coastal influence, although no statistics of this trade were kept.[1] The relative importance of the coast ports as relay points on the caravan trade with Zanzibar varied. The main coastal outlets for imported trade goods at Zanzibar were Kilwa, mainly on account of its flourishing slave trade with Zanzibar,[2] and the Mrima coast (the main starting point of caravans into the interior). The north coast, i.e., the present-day Kenya coast, did not take a large amount of these trade goods.[3]

After the mid-19th century, long-distance caravan trade had developed along the northern part of the coast, together with the rest of the East African coast but not to so great an extent as along the Mrima or Kilwa coasts. The main reason for this was the fact that the hinterland of the northern coast was not yet that important either as a supplier of slaves or ivory, the two main commodities in demand then at the coast ports. Also, the Mrima coast offered much easier access to the hinterland of the northern coast for the Zanzibar merchants,

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[1]Bennett and Brooks, op. cit., Document XIX.61.

[2]Kilwa's trade with Zanzibar was, in 1865, estimated to be $150,000 a year. Ibid., Document XIX.6.

[3]Ibid., Document XVIII.35.

and the Sultan's political power over the northern coast declined progressively as one moved away from the core of his kingdom--the island of Zanzibar.[1] Thus, the towns along the present-day Kenya coast (such as Mombasa, Malindi and Lamu), all of which were of medieval origin, did not enjoy the prosperity derived from long-distance trade in the 1850's as did the Mrima towns further south (e.g., Bagamoyo and Pangani) although the latter were of more recent origin. Moreover, the coast people along the northern coast were for long inhibited from venturing far into the interior on account of the geographical barrier posed by the Nyika belt of wilderness and partly on account of the myths about the hostility of the Masai and the Kikuyu, living beyond the Nyika.[2] Rather, all trade movements on the northern coast, until the 1860's, were mostly from the interior to the coast and were dependent first upon the coastal Giriama and related Mijikenda groups, acting as middlemen in the ivory trade with the coast, and later on the Kamba from the interior.

The long-distance trade on the northern coast remained in the control of the African people in the interior until about the 1870's when the monopoly was broken by coast people, and Arab/Swahili caravans started penetrating into the interior.[3] The resurgence of the prosperity of the north coast towns then, although late, was partly related to

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[1]A. I. Salim, Swahili-Speaking Peoples of Kenya Coast (Nairobi: East African Publishing House, 1973), p. 28.

[2]A. H. Jacobs, "A Chronology of the Pastoral Masai," in B. A. Ogot (ed.), Hadith, Vol. I, op. cit., pp. 27-29.

[3]Kimambo, "Economic History of Kamba," op. cit., p. 81.

the expanding market at Zanzibar for ivory and other products to meet overseas demand. This acted as an "incentive for the northern coastal settlements to scour their own immediate hinterlands for such commodities as ivory, gum copal, rhinoceros horns and other export items."[1] Thus, in 1872, Mombasa was reported trading "with Wanyika for copal, with the people of Chagga and Ukambani for ivory and with the people of the interior generally for hippopotamus teeth, rhinoceros horns, cattle, cereals, and provisions...The imports [were] chiefly cotton, glass, beads, and hardware."[2] With a population then of about 12,000, Mombasa's annual ivory export amounted to about 70,000 dollars, a great deal of which was shipped directly to Bombay to avoid the five percent duty charged on goods entering Zanzibar.[3] Although the duty on imports from the mainland at Zanzibar decreased with distance almost symmetrically in both directions along the mainland coast to induce peripheral coastal ports such as Mombasa to channel their trade through Zanzibar, this did not prevent the gradual independent growth of these ports and their trade volume.

Similar to Mombasa, the town of Vanga, south of it, had become prosperous by the 1870's largely on account of the rapid expansion of caravan trade.[4] Large caravans from Vanga were reported frequenting places as far as Lake Victoria. A significant trade had also been developed by the ports of Kipini and Kau, located 25 miles to the south

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[1]Salim, op. cit., p. 33.

[2]Burton (18[illegible]), op. cit., Vol. 2, p. 39.

[3]Salim, op. cit., p. 39.

[4]W. Mckay, "Some Notes on the Southern Kenya Coast in the 19th Century," Seminar Paper, Department of History, University of Nairobi, 1971, p. 8.

of Lamu. Canoe caravans along the river Tana traded with the riverine Pokomo for produce and with the Wasania elephant hunters for ivory. This riverine caravan trade was in time extended farther inland to reach Mount Kenya.[1] Most of this trade passed through the Lamu port. As a great dhow building centre along the east coast of Africa, Lamu also participated considerably in the carrying trade. A great proportion of the latter, however, consisted of slaves, and Lamu acted as a great depot for slave smuggling from Kilwa and Zanzibar (the sources of supply) across to Benadir ports and to Arabian shores.[2]

The fact that even along the northern coast the coastal traders were able to supercede the people of the interior attests to the relative commercial strength of the coastal trading drive, backed, as it was, by an insatiable demand for the products of the interior and by Indian finance. By the 1870's, the northern coast ports such as Mombasa had become linked much closer to Zanzibar on account of increasing commerce and greater economic centralization at Zanzibar. This was also a reflection of political consolidation of the Zanzibar sultanate along the coast and of changes in the early 19th century technology. Development of the steamship reduced Mombasa's importance as compared to Zanzibar since mail steamers now took trade out of the hands of native dhows.[3]

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[1] Salim, op. cit., p. 39.

[2] Ibid., p. 24.

[3] F. J. Berg, Mombasa under The Busaidi Sultanate: The City and Its Hinterland in The 19th Century, Ph.D. Dissertation, University of Wisconsin, 1971, p. 206.

4.27

4.3 Effects of The Abolition of Slave Trade on Zanzibar's Commerce

The 1873 Treaty, signed by the Sultan as a result of British pressure, brought to a virtual halt the export of slaves overseas. A crisis in confidence on the part of immigrant commercial communities resident in Zanzibar ensued as a result of this Treaty. More important, however, the Treaty brought forth considerable structural transformations in Zanzibar's mercantile economy.

Concurrent with the abolition of the slave trade was the expression of increasing British commercial interest in Zanzibar. Hence, after abolition of this trade, growth of British shipping at Zanzibar was striking. Already predominant in 1871, the tonnage of British shipping increased sevenfold in the next eight years while that of other nations decreased or remained stationery. Opening of the Suez Canal in 1869 brought Zanzibar 2,000 miles closer to Britain by sea, and the British were quick to exploit this advantage. In 1872, William Mackinnon's British India Steam Navigation Company began a monthly steamship mail service to Zanzibar. In 1877, the Eastern Telegraph Company joined Zanzibar to Aden by cable linking it into the international cable network focussed on Britain. Thus, even more so than in earlier years, Zanzibar now acquired a marked superiority in the availability of commercial information from abroad compared to any other east coast ports such as Mombasa. In a similar manner, the pattern of commercial organization associated with caravan routes that had developed on the mainland and had focussed Zanzibar, gave its merchants the best access to information pertaining to supply conditions.

of major export goods such as ivory and the likely demand for trade imports in the interior.

The trade depression in Zanzibar as a result of the abolition of the slave trade, was temporary and lasted only up to about 1875. Thereafter, the economy continued to expand, as witnessed by the expansion of the commercial community resident in the Dominions of Zanzibar between 1874 and 1884 (Tables 4.9 and 4.10). By 1880, the value of Zanzibar's external trade had reached over Ł2 million (Table 4.11). Similarly, the customs revenue rose from Ł65,000 in 1869 to over Ł100,000 in 1876. Although the pattern of imports remained much the same, the structure of export trade changed remarkably. Most likely, capital had been diverted from the slave trade to other sectors of the export economy.[1] Rubber, worth Ł250,000, headed the export list in 1879, followed by cloves (Ł170,000), while ivory, the prime export a few years ago, had been relegated to the third place (Ł160,000) in the export trade of Zanzibar.

4.4 Resumé

A spatial economic system of long-distance trade had been built up in East Africa during the last six decades of the 19th century, directly associated with the increasing demand for ivory and slaves in the Occident and in Indian Ocean countries. A wholesale-trading complex located at Zanzibar had developed as a point of attachment for the

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[1] Commander Cameroon, "The Trade of Central Africa--Present and Future," Journal of Soc. of Arts, Vol. 25 (1887), p. 164.

external trading partners of East Africa at that time. The interests of alien Arab, Indian and European commercial communities at Zanzibar were the prime motivators in organizing this spatial economic system. The latter two played the role of entrepreneurs, and the Omani oligarchy at Zanzibar provided, in the main, the political authority necessary for conducting this long-distance trade.

Mercantile decision-making within this economic system was heavily polarized on Zanzibar. Most of these decisions were of a non-routine and oral nature and, hence, demanded face-to-face contact for exchange of information. This was demonstrated by the commercial transactions between the supercargoes of visiting American and European vessels or their resident agents at Zanzibar and the large Indian firms in Zanzibar which bought up their cargoes and contracted for the supply of ivory. Arranging for the sale of imported merchandise again demanded personal contact between these Indian firms and their wholesale clients in Zanzibar. These links were further strengthened through the credit financing system that prevailed in Zanzibar which called for a high degree of mutual trust and which tended to be based on kinship and communal networks. Similarly, when it came to the question of Indian wholesalers in Zanzibar financing caravans into the interior, based on credit of trade goods to be eventually repaid in ivory after a period of one year or even more had elapsed, mutual trust generated through personal contact over a fairly long time must have been very important.

The concentration of mercantile intermediary functions at Zanzibar was further encouraged by the periodic nature of long-distance trade in the mainland hinterland which the intermediaries catered to.

The periodicity of this trade, resulting from the demand for trade goods in the interior normally being accumulated over a relatively long time period, made it necessary for merchants located at Zanzibar to extend their activities over a very large trading area, and the caravan provided the necessary linkage. Competition among these intermediaries was carried out not by dismemberment of the trading area but from within Zanzibar in the form of credit terms offered.

Lastly, the port city of Zanzibar had, over the years, acquired a superior information environment for conducting long-distance trade compared to other east coast ports. This superiority may be attributed to a number of historically related factors. Zanzibar was the earliest centre to develop trading links with India and the Occident. This, in turn, attracted commercially inclined immigrant communities. Zanzibar was the capital of the Omani Empire whose ruler himself was deeply involved in financing long-distance trade and who was tolerant towards these immigrant communities. The superior availability of trade information at Zanzibar became more marked with the establishment of a mail steamer service to India and Britain in 1872 and a telegraph connection in 1877. Similarly, over the years, Zanzibar had evolved as the major seaward terminus of the mainland caravan transportation and communication system which, even though it was extremely slow, expensive and inhuman, gave Zanzibar's merchants the best trading and information access to the interior.

The above spatial economic system based on long-distance trade, however, proved to be very tenuous, as shown in the next chapter, since it was not built on a stable political or administrative basis and hence could not withstand the European scramble armed with a superior technology. However, even though the location of the wholesale-trading complex associated with long-distance trade shifted from Zanzibar to Mombasa, this shift carried with it many of the features of the trading system that had developed at Zanzibar. Zanzibar in many ways thus was the precursor to Mombasa.

TABLE 4.1

Total Imports and Exports of Zanzibar
(in dollars):[a] 1861 to 1865

Year	Imports	Exports	Total
1861/62	1,809,185	2,140,080	3,949,265
1862/63	2,692,430	2,338,970	5,031,400
1863/64	3,230,384	3,649,761	6,880,145
1864/65	3,612,180	3,479,874	7,092,054

[a] $4.75 American dollars were worth 1 sovereign in 1864.

SOURCE: N. R. Bennett and G. E. Brooks, New England Merchants in Africa, A History Through Documents, 1802-1865 (Boston: Boston University Press, 1965), document XIX.61.

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TABLE 4.2

Foreign Vessels Visiting Zanzibar: 1832 to 1864[a]

Nationality of Vessel	16.9.1832 to 26.5.1835 No.	16.9.1832 to 26.5.1835 Tonnage	1856 No.	1856 Tonnage	1858 No.	1858 Tonnage	1863/64 No.	1863/64 Tonnage
American	32	5,497	24	7,215	32	9,962	5	2,319
English	7	1,403	-	-	4	1,166	8	1,942
French	1	340	22	10,079	18	6,186	11	5,469
Spanish	1	319	2	460	1	230	1	675
British	-	-	2	1,167	-	-	-	-
Hamburg	-	-	20	5,438	23	6,230	15	4,103
Arab	-	-	1	250	6	1,864	4	1,357
Portuguese	-	-	3	930	1	79	-	-
Prussian	-	-	1	600	1	600	-	-
Hanoverian	-	-	-	-	2	440	-	-
Sardinian	-	-	-	-	-	-	2	650
TOTAL	41	7,559	75	26,139	88	26,757	46	16,515

[a]Note that the table excludes visits by so-called 'native vessels' from India and Arabia of which no records were kept.

SOURCES: (1) Same as Table 4.1, Documents IX.3 and XIX.57.
(2) Report on the Zanzibar Dominions, by Lt. Col. C. P. Rigby, HM's Consul and British Agent at Zanzibar, dated 1st July 1860. Published as Appendix II in C. E. Russell (ed.), General Rigby, Zanzibar and the Slave Trade (London: George Allen, 1935).

TABLE 4.3

External Trade of Zanzibar
(in Pound Sterling): 1859

Country	Imports	Exports	Total
(a) East Coast of Africa	363,666	274,200	637,866
(b) Rest of the World			
Great Britain	-	5,566	5,566
U.S.A.	126,398	118,688	245,087
France	114,790	55,000	169,790
Hamburg	101,296	35,777	137,074
British India	99,606	105,888	205,495
Kutch	57,872	69,664	127,536
Singapore	7,895	-	7,895
Arabia	17,606	23,377	40,984
West Coast of Africa	-	51,111	51,111
Madagascar	19,777	16,411	36,188
TOTAL	908,906	755,682	1,664,592

SOURCE: Report on the Zanzibar Dominions, by Lt. Col. C. P. Rigby, HM's Consul and British Agent at Zanzibar, dated 1st July 1860. Published as Appendix II in C. E. Russell (ed.), General Rigby, Zanzibar and the Slave Trade (London: George Allen, 1935).

TABLE 4.4

Zanzibar: Exports, 1859 and 1867/68

(1) Total Exports of Zanzibar for 1859 (in Pound Sterling)

(a) Produce of the Island of Zanzibar		
i)	Cloves	55,866
ii)	Coconuts	2,711
iii)	Coconut Oil	4,066
iv)	Copra	13,333
(b) Produce of East African Coast		
i)	Ivory	146,666
ii)	Gum Copal	37,166
iii)	Hides	25,553
iv)	Cowries	51,444
v)	Sesamum seeds	20,800
vi)	Rafters	1,250
vii)	Red Pepper	1,422
Total of (a) and (b) (local produce)		360,277
(c) Articles of Foreign Manufacture		
i)	American cottons	103,890
ii)	English cottons	35,895
iii)	Indian cottons	50,089
iv)	Muscat loongees	10,000
v)	Beads	25,555
vi)	Brass wire	8,444
vii)	Muskets	15,111
viii)	Gun Powder	11,666
ix)	China and Iron ware	7,111
x)	Bullion (370,000 German Crowns)	82,222
TOTAL EXPORTS (1859)		710,260

(2) Exports of Zanzibar to Foreign Countries for 1867/68 (in dollars)

Produce of the Island of Zanzibar	525,000
Produce of the Coast	1,213,000
Goods in transit	118,000
TOTAL EXPORTS (1867/68)	1,856,000

SOURCES: (1) R. F. Burton, Zanzibar, City, Island and Coast, Vol. II (London: Tinsley Bros., 1872), Appendix I.

(2) E. Hutchinson, "The Development of Central Africa," Journal of the Society of Arts, Vol. 24 (1876), p. 699.

TABLE 4.5

Exports of Zanzibar to Foreign Countries
(in Dollars): 1861 to 1865

To	1861/62	1862/63	1863/64	1864/65
U.S.A.	56,715	195,880	303,830	75,750
France	201,095	195,880	236,405	272,500
Hamburg	183,840	239,355	251,670	226,150
U.K.	-	-	237,700	464,300
British India	598,160	502,930	839,044	631,242
Protected States of India	240,945	223,540	353,025	391,887
Arabia and Persian Gulf	63,210	119,680	114,827	146,125
Italy and Spain	-	15,680	57,774	-

SOURCE: Same as Table 4.1, Document XIX.61.

TABLE 4.6

Imports of Zanzibar from Foreign Countries (in Dollars): 1861 to 1865

From	1861/62	1862/63	1863/64	1864/65
U.S.A.	138,945	130,895	45,375	114,750
France	146,525	172,500	131,730	157,175
Hamburg	206,210	263,370	167,050	329,725
U.K.	-	124,540	87,195	201,450
British India	588,950	788,300	689,635	702,620
Protected States of India	98,945	91,680	116,845	154,150
Arabia and Persian Gulf	50,315	52,860	116,570	147,460
Italy and Spain	-	36,315	40,270	-

SOURCE: Same as Table 4.5.

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TABLE 4.7

Source and Composition of Zanzibar's Chief Imports
(in Dollars): 1864 to 1865

	U.S.A.	France	Hamburg	U.K.	British India & Protected States
Arms	600	875	23,000	3,500	-
Beads	-	-	72,000	-	15,000
Crockery/Glass	-	-	10,000	8,000	-
Cotton Cloth	35,000	12,000	-	40,000	600,000
Coloured Cotton Cloth	-	25,000	75,000	13,000	160,000
Coal	-	-	3,600	26,400	-
Flour	6,000	1,200	1,500	-	-
Gun Powder	-	25,000	21,000	13,000	-
Iron Bars	-	1,500	14,000	5,000	10,000
Iron Ware	-	-	14,000	-	-
Machinery	-	-	10,000	55,000	-
Naval Stores	-	-	5,000	25,000	-
Sugar	500	-	2,000	-	10,460
Thread and Yarn	1,500	-	-	-	7,000
Specie	50,000	70,000	10,000	-	10,000
Brass and Iron Wire	-	-	50,000	-	10,000
Wines and Spirits	-	5,000	2,000	1,000	-

SOURCE: Same as Table 4.5.

TABLE 4.8

Destination and Composition of Zanzibar's Chief Exports (in Dollars): 1864 to 1865

	U.S.A.	France	Hamburg	U.K.	British India & Protected States
Cloves	6,400	30,000	8,000	50,000	325,000
Coconuts	-	130,000	5,500	-	16,500
Gum Copal	19,600	-	45,000	35,000	500
Cowries	-	-	20,000	-	13,754
Hides and Skins	20,700	20,000	25,000	1,500	-
Ivory	14,000	-	50,000	300,000	375,600
Oil and Oil Seeds	1,600	65,500	45,000	15,000	-
Orchilla Weed	-	20,000	10,000	30,000	15,650
Pepper	4,950	3,000	3,550	13,000	14,874
Specie	-	-	-	-	75,000

SOURCE: Same as Table 4.5.

TABLE 4.9

Increase in Number of Foreign Residents in Zanzibar Dominion: 1874 to 1884

	1874	1884
British born subjects	24	89
Khojas	2,785	3,250
Bohras	543	1,200
Memons and Sindhis	116	320
Hindus (Banyans)	814	1,050
Parsees	0	60
Goans	59	650
TOTAL	4,341	6,619
French Residents	15	39
German Residents	9	13
American Residents	6	8
Belgian Residents	0	5
Italian Residents	0	2

SOURCE: F. Holmwood, "The Trade Between India and the East Coast of Africa," Journal of the Society of Arts, Vol. 33 (1885), p. 421.

TABLE 4.10

Geographic Distribution of the British Indian Subjects in the Dominions of Sultan of Zanzibar in 1887

Place	No. of Residents
Zanzibar	3,086
Mombasa	533
Bagamoyo	493
Jumba	373
Mangao	292
Kilwa	252
Lamu	230
Kwale	184
Mandani	133
Tanga	127
Pangani	123
Dar es-Salaam	107
Malindi	82
Banadir	75
Mambrui	61
Others	194
GRAND TOTAL	6,345

SOURCE: Census of British Indian Subjects in the Dominions of Sultan of Zanzibar, 1887. Published in R. Gregory, India and East Africa: A History of Race Relations Within the British Empire, 1890-1939 (Oxford: Clarendon Press, 1971), p. 37.

TABLE 4.11

Total Imports and Exports of Zanzibar (in Pound Sterling): 1876 to 1880

Year	Imports	Exports
1876/77	696,925	921,920
1877/78	688,950	1,022,750
1878/79	709,900	870,350
1879/80	870,000	1,150,000

SOURCE: Same as Table 4.9, p. 425.

CHAPTER V

GROWTH OF MOMBASA AS THE PRIMATE NODE IN THE EVOLVING SPATIAL ECONOMIC SYSTEM OF LONG-DISTANCE TRADE, 1895 TO 1918

Political fragmentation of the East African mainland among European powers and the building of the Kenya-Uganda railway precipitated a chain of events that brought about, during the first two decades of the 20th century, a phenomenal expansion and reorientation of then existing long-distance trade flows in East Africa. As shown in Chapter IV, a spatial economic system of long-distance trade had been built up since the 1830's. This trade was channeled through Zanzibar, the seaward terminus of the caravan routes that fanned out over its hinterland towards the lake basin. After 1901, long-distance trade in East Africa came to be routed through Mombasa, the seaward terminus of the Kenya-Uganda railway that tapped essentially the same hinterland in the lake basin. During the subsequent two decades, growth of long-distance trade in East Africa was closely correlated with expansion of African peasant production in the lake basin which thus developed as a major export enclave.

In response to these developments, an institutional structure of mercantile firms evolved which was heavily polarized on the port city of Mombasa. The first two decades of the 20th century witnessed the development of this pre-industrial settlement as the organizational base for an expanding mercantile community which handled a large proportion of East Africa's long-distance trade and fostered its development.

The process of growth of Mombasa's wholesale-trading complex, as will be seen in this and the following two chapters, was a recursive one. The shift of the intermediary function from Zanzibar to Mombasa and the rate of expansion of this sector of Mombasa's economic base was largely a function of the development of a system of long-distance trade in East Africa based on the lake basin enclave of African peasant agriculture and the need for information to cater to this trade. Compared with other mainland port centres such as Dar es-Salaam and Zanzibar, Mombasa emerged as the conflux of information flows related to this trade in East Africa due to an early start and accessibility to a much larger and productive hinterland by virtue of location at the seaward terminus of the Kenya-Uganda railway and telecommunication corridor and the associated pattern of commercial expansion over its hinterland. The advantage of superior information availability at Mombasa was subsequently reinforced by the increasing agglomeration of firms participating in the expanding export-import trade as merchant intermediaries and financiers. The effect of this on the growth of the wholesale-trading complex of Mombasa was circular and cumulative. Proliferation of the activities of Mombasa's mercantile community, coupled with progressive diffusion of the trading frontier through the medium of the Indian trader and the extension of the transportation network in the hinterland enclave led to the continuing expansion of long-distance trade. This, in turn, established an increasing information superiority of Mombasa and further expansion of its intermediary function.

Polarization on Mombasa of the intermediary function associated with long-distance trade was further enhanced by the periodic nature of this trade. Formalization of ties between the Indian merchants in Mombasa and their clients in the interior was made possible as a result of kinship and communal networks within which long-distance trade in East Africa was then conducted. As a result, these transactions became largely routine and could be conducted by post and telegram. On the other hand, transactions between these Indian merchants and European trading firms represented in Mombasa, which supplied imported trade goods and bought produce, were most likely of a non-routine nature, emphasizing the need for personal contact as was the case in Zanzibar earlier.

5.1 Impact of The Railway on The Evolving Spatial Economic System of Long-Distance Trade

5.1.1 The Transition Period

The shift of the entrepot function from Zanzibar to Mombasa at the turn of the last century was gradual and not as sudden as it might have been thought to be. Zanzibar continued to maintain its entrepot importance for over ten years after the Royal Charter had been given to the Imperial British East Africa (IBEA) Company to govern and develop the British "sphere of influence" on the mainland. The time lag in the shift of entrepot activities from Zanzibar to Mombasa can be explained partly in terms of inertia, but more importantly, by virtue of the superiority Zanzibar still had over Mombasa as a communication node.

Measured in terms of time-cost distance, Zanzibar, prior to the completion of the Kenya-Uganda railway in 1901, had far better access, both in terms of communication of information and movement of goods, to its hinterland in the lake basin than Mombasa had at that time. Thus, until then, the "German road" from Zanzibar to the south shore of the lake was popular and more used because it was cheaper than the "English road" which ran from Mombasa. The caravan journey from the coast to the lake basin then took about three months and cost £8 per load of 65 pounds by the "English road" and £4 10s by the "German road". Since food and porters were more readily available on the "German road", this route possibly also took less time than the "English road". For this reason, mercantile firms with interests in the lake basin trade found it far more convenient to locate at Zanzibar and use Bagamoyo as the coastal terminus for the caravan route that stretched across German East Africa to the lake basin.

The superiority which Zanzibar still enjoyed as the chief commercial centre of East Africa around the turn of the century was reflected in its commercial relations with the newly created mainland territories of German East Africa and British East Africa. Hence, re-exports from Zanzibar to Mombasa from September 1, 1891 to August 31, 1892, amounted to only £32,000,[1] while re-exports from Zanzibar to the German East African ports amounted to £450,000, most of which were destined for the lake basin market. More reliable statistics available since February 1, 1892 show that from this date to the end of 1892,

[1]No figures are available for the exports to the northern coastal ports along the Kenya coast.

48 percent of the imports of Zanzibar from the East African mainland came from German East Africa, only 8 percent from the IBEA Company's territory (subsequently British East Africa Protectorate), 38 percent from the Sultanate itself and 6 percent from the southern ports of East Africa (now Portuguese East Africa). Similarly, the island of Zanzibar consumed only 43 percent of its total imports from abroad during this period. Of the remainder, 56 percent were re-exported to German East Africa while only 12 percent were sent to IBEA Company's territory, 17 percent to other places in the sultanate and 15 percent to the south.

Thus, commercial relations between Zanzibar and British East Africa, towards the end of the 19th century had not been of such great importance as those which existed between Zanzibar and German East Africa during the period when Zanzibar was the entrepot for East African trade. This state of affairs, a precedent of past patterns of development, may be explained in terms of the relative spatial juxtaposition of the two mainland territories in relation to the entrepot of Zanzibar and the pattern of trade flow that had emerged in the area.

The British officials and businessmen still saw Zanzibar rather than Mombasa as the commercial centre of East Africa. While Germany made positive attempts to develop German East Africa after 1885 by reducing German East Africa's dependence on Zanzibar, British East Africa essentially continued to depend, for a while, both economically and politically on Zanzibar. In 1890, Germany established direct shipping service between Hamburg and the ports of Dar es-Salaam and

Tanga[1] and in 1892 with India, while Mombasa had no such connections yet. In 1890, a cable line connected Zanzibar and Bagamoyo. An important step in the attempts at economic separation of Zanzibar and German East Africa was the severance of the monetary system in 1903 when the German mark was introduced in the latter territory, while the rupee continued to be the main currency in the rest of East Africa.[2] Earlier, in 1891, the headquarters of the German East African Company[3] were transferred from Zanzibar to Dar es-Salaam, and in 1897 the German East African Line also followed suit. In subsequent years, other important European trading firms also established branches in the German East African ports of Dar es-Salaam, Tanga and Bagamoyo.[4]

Realizing the danger which these events posed to the commercial position of Zanzibar, the British in 1892 declared Zanzibar a free port to retain its commercial hegemony over East African trade.[5] The same

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[1]This was the Deutsche Ost-Afrikanische Linie which was reportedly subsidized by the German Government to further German trade to the tune of £90,000 p.a. E. M. Legett, "The Economic Development of British East Africa and Uganda," Royal Society of Arts Journal, Vol. 63 (1915), pp. 209-220.

[2]Besides this, there were also 105,256 rupees issued by the IBEA Company and a few German rupees and some Maria Theresia dollars which had been introduced by the Arabs at the end of the 18th century from Constantinople via Muscat, long before the Indian traders introduced the rupee in 1835. Use of coinage as late as 1897 was reported to be confined to the coast and to the few European stations along the caravan road to Uganda. All other transactions were carried out in barter; beads, clothes and ivory being the chief media of exchange.

[3]The Deutsche Ost-Afrikanische Gesellschaft.

[4]For reasons pointed out later, however, the European firms did not abandon Zanzibar.

[5]Financial difficulties caused a re-imposition of a five percent ad volarum import duty in a few years' time. L. W. Hollingsworth.

year also saw the first chamber of commerce in East Africa being established at Zanzibar at the instigation of the then British Consul General in Zanzibar while, in the same year also, the Bank of India opened its first branch in Zanzibar.[1] Thus, Mombasa was still subsidiary to Zanzibar as a commercial centre in the British sphere of influence.[2] Moreover, the British made little direct attempt to develop their mainland territory of British East Africa. Instead, early administrators (like Hardinge) emphasized the wealth of the British sphere of influence that lay in its tropical coastal belt,[3] where Malindi and Lamu had risen

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Zanzibar under Foreign Office, 1890-1913 (London: Macmillan, 1953). Zanzibar Protectorate, Annual Report, 1892.

[1]This was a British Indian bank which for the past three years had been represented in Zanzibar as an agency by the British firm Smith Mackenzie and Co.

[2]The existence of a branch of Hansing & Co. and of Societa Coloniale Italiana, both Zanzibar firms, was reported in Mombasa as early as 1897, trading mainly in coastal products. Report by Sir A. Hardinge on the Conditions and Progress of the E. African Protectorate from its Establishment to the 20th July 1897. Whereas Ainsworth reported that on his arrival at Mombasa in about 1890, "there were no Europeans in Mombasa or its vicinity besides a representative of Smith Mackenzie and Company, whose main office was in Zanzibar, and one or ~~two~~ missionaries." He also reported the presence "of a number of Indian traders who had residences and stores in the main street." Indian trade, it seems, was then mainly dependent upon the earnings of the IBEA Company and other caravan porters who used to be paid in Mombasa. F. H. Goldsmith (ed.), Memoirs of John Ainsworth: Pioneer Kenya Administrator, 1864-1946 (London: Macmillan & Co., 1959). In 1897, the number of representatives and employees of European firms had grown to 24 (besides 20 missionaries and 39 officials) and the number of Indians, excluding soldiers and coolies, to 863 (Sir A. Hardinge, op. cit.).

[3]Sir A. Hardinge, Report on the British East Africa Protectorate for the Year 1897-98. The Commissioner saw the greatest prospects for development along the narrow coastal strip, which was then occupied and cultivated by Arab slave owners. The previous year, Hardinge had described the north coast of Mombasa District as being "occupied by a series of villages and plantations at short distance from one another, all of which were inhabited and cultivated by slaves of Mombasa Arabs.

to be flourishing ports dependent chiefly upon grain trade with Arabian and Persian Gulf ports. Contemporary observers report that about 20,000 slaves cultivated shambas (fields) around Malindi, and on the average 3-4,000 dhows left that port every year for the north with about 15,000 tons of grain.[1] On the other hand, the Germans had already appointed trading vice-consuls at Mombasa in 1899 and at Entebbe in 1901, a reflection of the German mercantile interest in the development of the mainland which was soon to be reflected in the dominance by German firms of the British colony's trade.

5.1.2 Building of The Kenya-Uganda Railway

The most important factor that finally initiated the decline of Zanzibar and concurrent rise of Mombasa was the impact of building the Kenya-Uganda railway in 1895-1901 on the evolving pattern of long-distance trade in East Africa. The need to generate traffic for this railway line emphasized the development of an export enclave within easy reach of the rail road. The railway, in turn, provided, in terms of time-cost distance, a far superior communication and transportation corridor than the caravan routes in connecting this enclave to the outside world; hence, it made it economically feasible to develop such an enclave on a scale never possible before. At the same time, the building of the railway line re-oriented the flow of the much expanded long-distance trade generated by the development of this enclave on Mombasa, the seaward terminus of the railroad corridor into the interior.

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[1]H. Brode, British and German East Africa: Their Economic and Commercial Relations (London: Edward Arnold, 1911), p. 34.

The final decision by the British Government to build a railway from Mombasa to Lake Victoria was taken in 1895. Although the early motives for its construction indicated a desire to suppress the slave trade, subsequent arguments after 1894 were based on economic prospects, administrative necessity and international rivalry.[1] Moreover, after the railway had been built, the need to provide traffic for it became a major justification for developing an export trade within the "railway hinterland". As had been the case with the IBEA Company's caravan route, the objective of the railway was to connect Uganda and the lake basin with the coast. The route between Mombasa and Kisumu (approximately along the former IBEA Company's caravan route), a distance of about 600 miles, was the shortest distance between the coast and the lake area,[2] while Mombasa's choice as the terminus was largely determined by its excellent harbour at Kilindini.

The revolutionizing influence of the Kenya-Uganda Railway on the emerging patterns of the functional organization of long-distance trade in East Africa was that it reduced the cost of transportation of goods between the lake and the coast from an extreme figure of £180 per ton charged by porter caravans to an average of about £17 per ton by the railway. (Freight costs from England to Kampala in Uganda fell to about a tenth of what they were formerly.) Obviously, the building of

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[1]M. F. Hill, Permanent Way (Nairobi: East African Railways and Harbours, 1950).

[2]Prior to 1898, Port Victoria on Berkeley Bay was to be the lake terminus, but Kisumu (Port Florence) on Kavirondo Gulf was chosen in 1898 by the Chief Engineer of the Uganda Railways as the subsequent terminus because it reduced the distance by 75 miles, although the area in Uganda through which the railway passed was much less fertile.

the railway terminated the caravan mode of locomotion and re-oriented the existing flows of trade along this newly created, more competitive, transportation corridor.[1] Mombasa, located at the seaward terminus of the Kenya-Uganda railway, emerged as the 'natural' locational centre for merchant firms that were involved in organizing the lake basin trade, hitherto handled by Zanzibar based firms since the 1830's.. As a result, there was a marked decline, which began in 1901, in the dependence of the mainland territories of German East Africa and British East Africa on the island port of Zanzibar as the East African entrepot for channeling the export and import trade of the mainland territories (Tables 5.1a and 5.1b).

Similarly, reduced transportation costs due to time-cost convergence along the new corridor also increased the effective demand for many items of export and import trade. In consequences, this expansion in volume and diversity of trade led to a growing flow of long-distance trade centred on Mombasa. About the only two commodities of trade that could withstand high transportation costs before the railway was built were ivory and imported cotton cloth. Trade in these commodities was complementary. Cotton cloth could afford to pay high transportation costs by porter caravans leaving from Zanzibar because in relation to ivory, for which it was primarily exchanged in the interior, it was a very high valued article of trade.[2] The margin of profit obtained from

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[1]Although to some extent this process had already started with the development of the IBEA Company's caravan route between Mombasa and Uganda and the Company's attempts to develop trade along this route.

[2]For instance, it was reported in 1885 that ivory was bought in the interior for 1/- to 2/- (Shs.) per lb. worth of cloth or trade goods

this barter trade was sufficient to pay the extremely high transportation cost from the coast into the interior, which few other items of trade could afford. On the other hand, the ivory which was carried back to the coast in some cases virtually did not have to pay any transportation costs because the captured slaves, another commodity in demand at the coast, besides providing their own locomotion, also provided the locomotion for ivory. But even when hired porterage was used to carry the ivory, the prices fetched at Zanzibar were high enough to justify this trade.

Thus, the entire long-distance trading system was based on commodity combining, a common characteristic of pioneer economies. Trade in cotton cloth, slaves and ivory was, to a considerable extent, complementary and interdependent. Any tampering with one of these component items could lead to disruption and modification of the entire system as was to happen when Britain and other European powers declared the slave trade to be illegal and when a railway was built to replace caravans towards the end of the 19th century. As a result of reduced transportation costs, ivory was soon replaced by other agriculture commodities as leading exports, while the slave trade gradually disappeared. Reduced transportation costs consequently increased the amount of trade per capita by enabling more African peasants in the lake basin enclave, as producers of exports and consumers of imports, to participate in this long-distance trade. This process was cyclical

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and sold at the coast for 6/- to 10/- per lb. H. H. Johnson, "British Interests in Eastern Equatorial Afr[illegible]" Geog. Journal, Vol. 1 (1885), pp. 165-179.

in nature and was reflected in a gradually increasing monetization of the traditional African subsistence economy in the lake basin enclave as it was brought within the orbit of the international mercantile economy. The emergence of an enclave of cash crop farming in the lake basin was also portrayed in the process of commercial expansion over the East African mainland which was organized and carried out from Mombasa through the agency of the Indian trader.

Equally important in reorienting long-distance trade from Zanzibar to Mombasa, although not as striking as the building of the railway, was the building of a telecommunication link between Mombasa and Kisumu in 1896. This line paralleled the railroad and, in fact, preceded the construction of the railroad. Communication of information between Mombasa and the lake basin thus was revolutionized as much as the transportation of goods and when compared with the caravan mode of relaying information that had been built up from Zanzibar. This gave a further distinct advantage to Mombasa over Zanzibar for the location of mercantile intermediaries handling long-distance trade in East Africa. Mombasa was also linked to the international cable system thus enabling it to communicate directly with the rest of the world.

5.2 Growth of The Lake Basin Export Enclave

Long-distance trade, based on African peasant agriculture and consisting of exchange of commodities in demand in other countries for inexpensive imported articles, came to constitute the basis of Kenya's development for nearly two decades after the Kenya-Uganda railway had been built. Even tho[illegible] the future of Kenya as primarily a colony of

European settlers had been earmarked as early as 1904,[1] a true settlers' colony from an economic viewpoint did not come into existence until about 1920 when European settler agriculture had become firmly established. The economic functional organization of the country was relatively weak during this pioneer period of colonization and was primarily externally oriented, based on long-distance mercantile trade catering mainly to an African peasant market.[2] The colonial administration, preoccupied with the need to raise sufficient revenue from custom duties and the Hut Tax imposed on Africans in order to balance the budget of the newly established colony, considered the long-distance trade as the major element in the development of the colony; it could generate traffic for the railway and, at the same time, provide an outlet for British industry and enterprise.[3] However, there were distinct limits to the potential for development of African trade during this period: the small size and largely subsistence nature of the indigenous economy;[4] and the fact that the financial resources of the Kenya

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[1]Sir Charles Elliot, The East African Protectorate (London: Edward Arnold, 1905).

[2]Thus, it is stated in the Annual Report of the Railway for 1908-09 that "E. Africa differs from most new countries in which no sooner is a railway constructed, than a large volume of traffic flows in for export. Here, up to the present, little has been produced." East Africa Protectorate, Railway, Report of the General Manager, 1908-09.

[3]East Africa Protectorate, Annual Report, 1911-12. The Railway administration also had similar concern in order to encourage downward traffic in agriculture products such as food and oil grains because in 1904, the 'down' traffic (5,704 tons) was only half of 'up' traffic (10,666 tons).

[4]An estimate of 13.4 million people only living in the four territories of Kenya, Uganda, Tanganyika and Zanzibar was given in 1948, the first accurate estimate available. Overseas Economic Surveys: British East Africa (London: HMSO, 1948).

Government, derived mainly from general taxation in the form of African peasants' Hut Tax and from custom duties,[1] were largely used for the development of European areas.[2]

5.2.1 Importance of Non-Kenyan African Participation

As in the pre-colonial period, the densely populated lacustrine lowlands of Lake Victoria, which were now politically fragmented among the three colonial territories of German East Africa, Uganda and British East Africa, constituted the major suppliers of exports and the main market for the disposal of imports.[3] Close proximity to the railway was the prime factor in determining regional participation in the export trade since feeder networks to the railway did not exist as yet. Whatever produce reached the railway for export was grown practically within sight of it.[4] For this reason, the lake districts of Uganda and Tanganyika provided the bulk of the export/import trade (Tables 5.2 and 5.3). Figures 5.1, 5.2 and 5.3 also attest to the dominance of the lake

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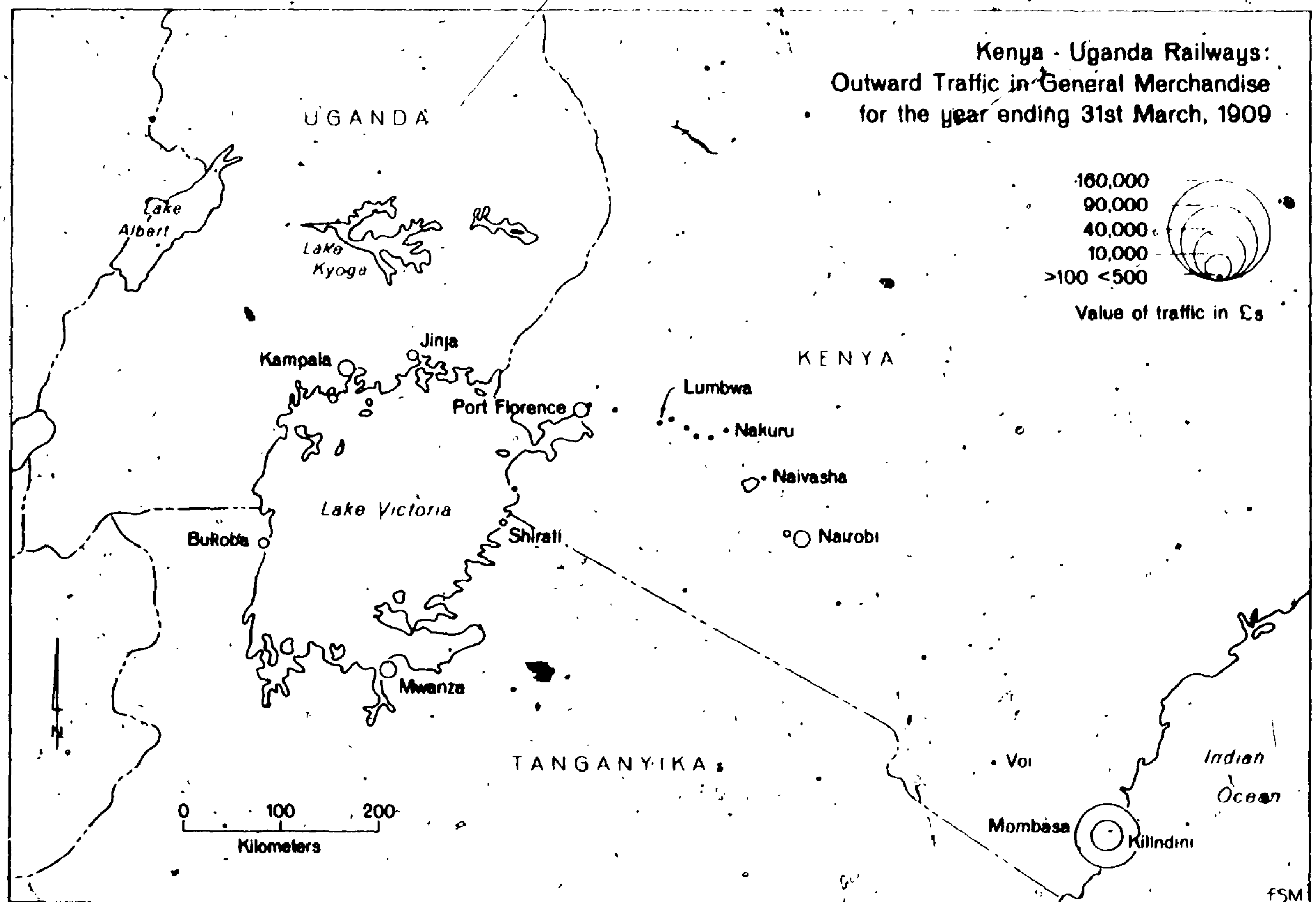
[1]As in German East Africa and Uganda, the African indirectly contributed, through his participation in long-distance trade, most of the custom duties accrued. There was a ten percent ad valorem duty on most consumer imports; there were no export duties on plantation products. The chief items liable to an export duty were the natural raw products of the country--ivory, hides, skins, gum copal, wild grown rubber and shells.

[2]Several contemporary documentations exist of this fact. Commission on Closer Union of the Dependencies of East and Central Africa, 1929 (London: HMSO, 1929), p. 62; Report of the Financial Committee on Kenya, 1936 (London: HMSO, 1936), p. 44; Lord Hailey, Native Administration in the British African Territories (London: Colonial Office, 1950), Part 1.

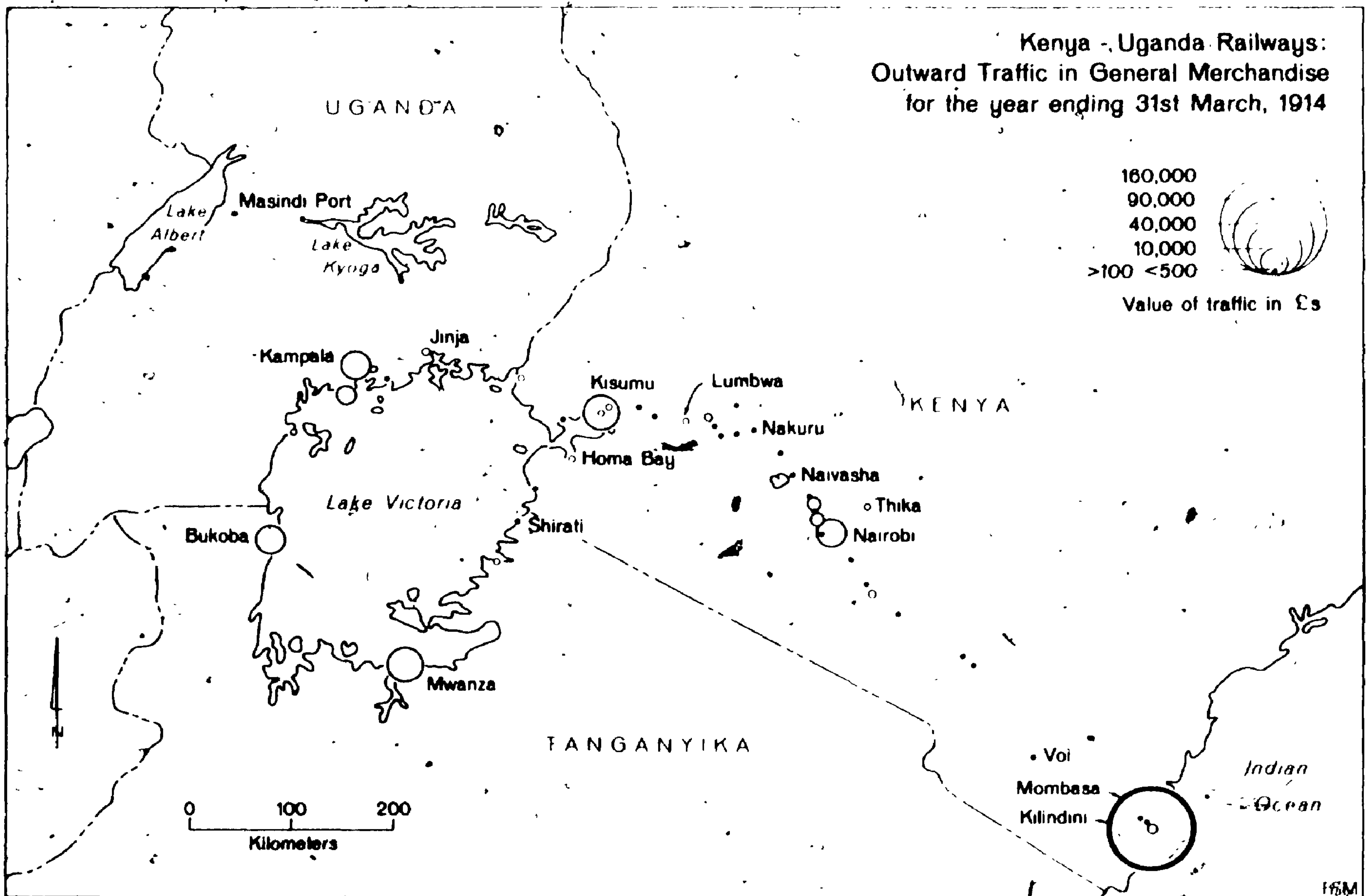
[3]East Africa Protectorate, Administration Reports, 1910-11, Railway, Report of the General Manager.

[4]East Africa Protectorate, Railway, Report of the General Manager, 1909-10.



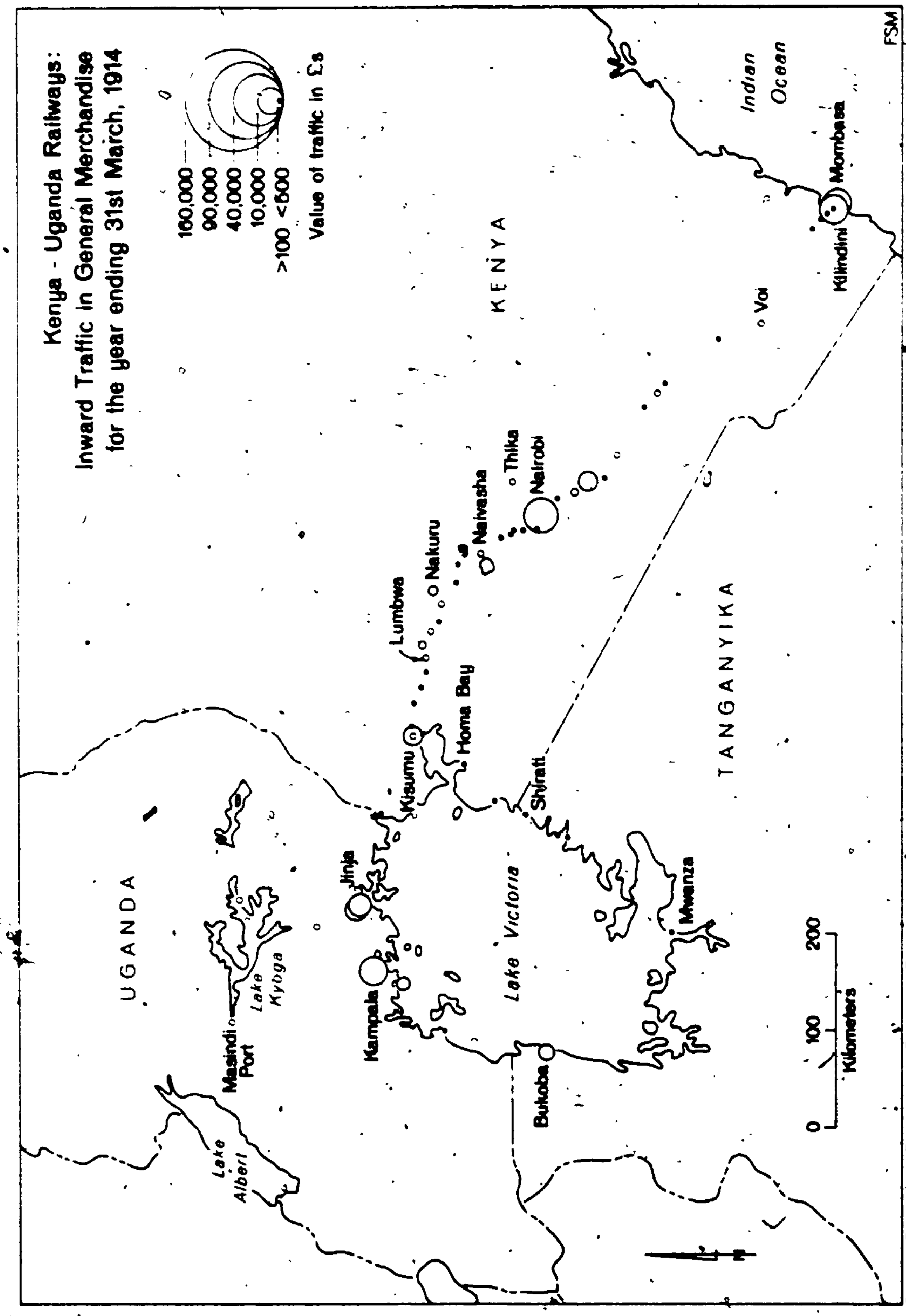
Source: East Africa Protectorate, Railways: Report of the General Manager, 1908/9

Figure 5.1



Source: East Africa Protectorate, Railways: Report of the General Manager, 1913/14

Figure 5.2



Kenya - Uganda Railways:
Inward Traffic in General Merchandise
for the year ending 31st March, 1914
160,000
90,000
40,000
10,000
>100 <500
Value of traffic in £s
UGANDA
KENYA
TANGANYIKA
Indian Ocean
Lake Albert
Lake Kyoga
Lake Victoria
Masindi Port
Kampala
Jinja
Kisumu
Homa Bay
Lumbwa
Nakuru
Naivasha
Nairobi
Thika
Voi
Kilindini
Mombasa
Shirati
Mwanza
Bukoba
0
100
200
Kilometers
FSM
Source: East Africa Protectorate, Railways: Report of the General Manager, 1913/14

Figure 5.3

ports in the traffic handled by the Kenya-Uganda Railway during this period. Cotton cultivation was fast disseminating in southern Uganda, and exports of robusta coffee from the lake region of Tanganyika were increasing rapidly.[1]

By 1899, the construction of the railway had stimulated substantial imports, most of which were related to general railway requirements and those of its builders. Thus, the 'up' traffic on the railway at that time amounted to 91,235 tons while the 'down' traffic was only 470 tons (chiefly ivory, hides, skins and horns) representing little more than carried previously by porter caravans. It was not until 1903, when the railway terminus on Lake Victoria was linked to the lake ports of Mwanza and Bukoba in German East Africa[2] and Entebbe in Uganda by regular steamer service that the African trade of the lake basin was diverted from Zanzibar to Mombasa. Since then, Mombasa's role as an entrepot became firmly established, its future prosperity ensured, and its merchant community began to expand.

The reorientation of lake basin trade to Mombasa was reflected in Zanzibar firms establishing branches in Mombasa. As soon as the

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[1] Ibid., 1910-11. Thus, in 1912-13, for instance, 82 percent of the increase in 'down' traffic along the railway came from the lake region outside Kenya. Similarly, 75 percent of the increase in 'up' traffic of manufactured goods went to the lake ports. Ibid., 1912-13.

[2] Formerly trade from this area was oriented to the German coast via central Tanganyika caravan route. Some indication of the extent of trade in this portion of the lake basin can be obtained from a report that in 1893 the Irish trader Stokes, who had a settlement at Mwanza, sent from there to the Tanganyika coast ivory worth £20,000 which he had brought from the Congo. In 1899, it was reported that 520 caravans with 3,140 porters passed the station of Bukoba on their way to and from western provinces of Uganda. H. Brode, British and German East Africa: Their Economic and Commercial Relations, op. cit., p. 54.

railway reached its destination at the lake, Mombasa began to be served by direct steamers from Europe: the German East Africa Line in 1899, the Austrian Lloyd Line in 1900 and the British India Steam Navigation Line in 1901, while the National Bank of India and the Chartered Bank of India, Australia and China located in Zanzibar, opened branches in Mombasa in 1896. With the construction of the railway, a postal service was also started along the railway line.

The emergence of Mombasa as a major colonial entrepot was accompanied by a restructuring and expansion of the internal land use patterns within the urban centre. The 'old' town facing the Mombasa channel still housed the merchant firms and their warehouses until as late as 1910,[1] all of which were huddled close to the 'old' port. It was only later, when the new entrepot functions of Mombasa had been well established that a gradual migration of some of the larger European merchant firms and their warehouses to Kilindini (the new harbour) began and where also most of the new European firms located. There were nine major trading firms established in Mombasa by 1904[2] in addition to 45 Indian 'merchant' firms, most of whom were probably small-scale wholesale/retail traders.[3]

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[1]East African Protectorate, Annual Report, 1908-09 and 1909-10. The Old Harbour was still preferred because of its proximity to the business quarter of the town notwithstanding inadequate accommodation and the fact that new custom warehouses at Kilindini were ready and lying unused.

[2]The chief ones were Societa Coloniale Italiana, Hansing and Company, Boustead and Clark, Allidina Visram, Haji Adam and Sons, A. M. Jivanjee & Co., Suleman Virjee & Co., East African Stores, and Smith Mackenzie & Co. All of them were then branches of Zanzibar firms.

[3]These data were obtained from "the Mombasa Street Directory" in the Handbook for East Africa, Uganda and Zanzibar 1904 (Mombasa: Government Printing Press, 1904).

Unfortunately, lack of adequate statistical data does not permit a distinction between the export/import trade of Uganda and Kenya for this early period. But the remarkable expansion of this trade caused by the commencement of the steamer service on Lake Victoria as reported for the German East African lake ports of Mwanza and Bukoba[1] was, most probably, also experienced in southern Uganda.[2] In 1903, most of the transit imports from German East Africa through the British colony (worth £6,107) came from Moshi in the Kilimanjaro area since no shipping service had, as yet, been established on Lake Victoria.[3] Subsequently, however, most of the transit imports and exports of German East Africa through British East Africa were channelled through Kisumu

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[1]Brode, op. cit., p. 44. He reports that the trade in hides and skins had already caused, by 1904, two European firms at Mombasa to appoint agents at Schirati and the German East African Gesellschaft had settled in Mwanza since 1898 and had transactions to the extent of Rs. 250,000 a year. The firm of Allidina Visram, which used to open branches at every promising place in the interior was estimated to do at Mwanza a yearly business of Rs. 200,000. Of the 'down' traffic carried (14,364)tons) by the Railway in 1905-06, over 10,000 tons were brought by steamers to the lake terminus at Kisumu.

[2]In 1904, the Chief Commissioner for the East Africa Protectorate remarked that "the progress of the railway as a commercial venture bears eloquent testimony to the far-seeing policy of the statesmen who were so persistent in advocating its construction, for there is little doubt that within a year or two, owing mainly to the great increase of the native trade of the lake basin the working expenses will be covered by receipts." East African Protectorate, Annual Report 1903-04. Similarly, the General Manager of the Railways described in 1905-06 the steamer service as "the real feeding ground and mainstay of the Railway."

[3]Previous to August 1899, no goods had to be declared at Mombasa for transit to German East Africa. However, until the lake service was established, the transit traffic was minimal. Foreign Office, Trade of German East Africa for the year 1901. Diplomatic and Consular Reports: 1900 and 1901 (London: HMSO, 1901).

and the German Lake ports of Mwanza and Bukoba (Table 5.4).[1] The exports were mainly hides, skins (primarily for the American market) and groundnuts, and lesser quantities of coffee, ghee and rubber. It is interesting to note that export of ivory from the German Lake ports through British East Africa never reached a high figure because it still followed the caravan route through German East Africa to Zanzibar.[2] Zanzibar retained its importance as the world ivory market despite the loss of other wholesaling functions to mainland coastal centres.[3]

By 1911, Mombasa had clearly emerged as the 'natural' location for mercantile firms involved in the trade of the lake basin of German East Africa. This is indicated by the fact that, whereas prior to 1911 most of the trade with Tanganyika was channelled through Mombasa as direct transit, after 1911 there was a significant rise in the re-exports of Mombasa to Tanganyika (Table 5.6) and a similar decline in the transit trade (Table 5.7). This shift was due mainly to the new Customs Ordinance of 1910 which provided for the refund of import duty on re-exports from Mombasa, except for a small handling charge. Hence, the re-export trade handled by Mombasa firms increased while transit

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[1] In 1907, Mwanza exported through Kenya £44,863 worth of hides and skins, Bukoba £22,052 and Schirati £3,188. The value of groundnut exports from Mwanza were £1,754 (1904), £4,994 (1905), £16,613 (1906), £5,172 (1907), and £10,502 (1908).

[2] Zanzibar was also the destination of ivory from British East Africa--this being the leading export from British East Africa to Zanzibar during the first decade of this century (Table 5.5). Thus, in 1911-12, ivory accounted for only 4.7 percent of total exports (compared to 60 percent in 1900-01), 60 percent of which was sent to Zanzibar for re-export. East African Protectorate, Annual Trade Report, 1911-12.

[3] D. R. Beare, "The Ivory Trade of Zanzibar," Travel and Exploration (May 1909), pp. 370-375.

trade decreased since the former was found to be a more convenient method of importing and exporting goods by Mwanza and Bukoba firms. It is significant that the value of re-export trade by Mombasa firms rose considerably after 1910, despite the effects of the building of a railroad in the German territory. The extent of Tanganyika's dependence during this period on Mombasa firms as a source of imports is reflected in their share in this trade for the year of 1911; of the total fabric imports into Tanganyika of approximately 619,500 marks, close to 25 percent were obtained directly from Mombasa based firms and less than 9 percent from Zanzibar.[1]

5.2.2 Kenyan African Participation

While the growth of Mombasa as an entrepot centre during the first decade of the 20th century was heavily dependent upon African markets in Uganda and Tanganyika, from 1908 onwards, there was a gradual increase in Kenyan African participation in this long-distance trade. The growing African share in the colonial economy of Kenya was reflected in the establishment and growth of trading centres in the African areas of Kenya towards the end of the first decade of the 20th century. This move was a part of the then prevailing colonial policy of stimulating production of exports from African Reserves through trade development. The objectives of this policy were to provide traffic for the railway,[2] increase government revenue to support the colonial

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[1]Foreign Office, Trade of German East Africa, Diplomatic and Consular Reports, 1909-12 (London: HMSO, 1912).

[2]For instance, the General Manager of the Railways reported in his 1905-06 Report that "it has been our policy to reduce downward rates

establishment and thus reduce dependence on the British taxpayer, and to integrate the African subsistence economy into the colonial mercantile framework.

These policy objectives were achieved by levying a Hut Tax on Africans from 1902 onwards at the annual rate of two to three rupees per hut. It was assumed that as the African peasant came to acquire a taste for, and dependence upon, inexpensive imported goods, he would be forced to produce more cash crops for sale or to migrate in search of work to acquire the monetary resources to satisfy his newly acquired tastes. The imposition of the hut tax was supposed to have a chain effect on the traditional African economy: to pay the tax, the African peasant would have to produce more crops for sale; this would increase trade; increased trade meant a greater dependence upon imported goods, which in turn would result in further increased production with more crops for sale than before and so on.

In an effort to implement the above-noted policy, Governor Girouard[1] in his circulars during the period of 1909-11 to his provincial and district officials greatly stressed the need to develop trade in African areas.[2] The officials were instructed to encourage trade by every means in their power: to establish new trading centres wherever

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as much as possible in order to encourage exports and thereby bring money into the country...it is our obvious policy to foster exports" and that he "did not expect any exports from the European Highlands" for some time. East Africa Protectorate, Railway, Report of the General Manager, 1905-06.

[1] Sir Percy Girouard was the Governor of Kenya from 1909 to 1912.

[2] Kenya National Archives, File Number DC/EBU 5/4, Secretariat Circulars. Circular Nos. 28 and 80 of 1911.

an opportunity for developing trade existed and to exclude them and the roads leading to them from the "Closed Districts" and Reserves so that alien Indian traders could reside there. Hitherto, persons not natives of these districts were allowed to reside and trade only in the district and provincial headquarters where such had been established and declared as townships; they could only go out of these into the countryside ("Closed Districts") after having obtained a permit from the officials and having deposited a certain sum of money as a guarantee of good conduct.

As a result of Girouard's directives, the African Reserves in Kenya were gradually opened up to Indian traders with the understanding that they would not wander away from gazetted townships and trading centres and the roads leading to them. The officials were instructed to encourage trade by informing people during barazas (public gatherings) of the nearest trade centres and the products they should bring to market. They were to promote road construction and urged to include in their annual reports proposals for trade increase, the requirements of people, possible improvements for transporting produce, reports on market attendance and the potential for new trading centres. Seeds were issued for crops (e.g., simsim, maize and potatoes), and the chiefs and headmen were asked to impress upon their people the need to cultivate and sell the surplus crops to the Indian traders in the nearby trading centres. Figure 5.4, which shows the distribution of Indian traders in the various centres in Kenya in 1911, may serve as an indicator of the extent to which trade had diffused in the country, and Figure 5.5 demonstrating the distribution of Indian population by

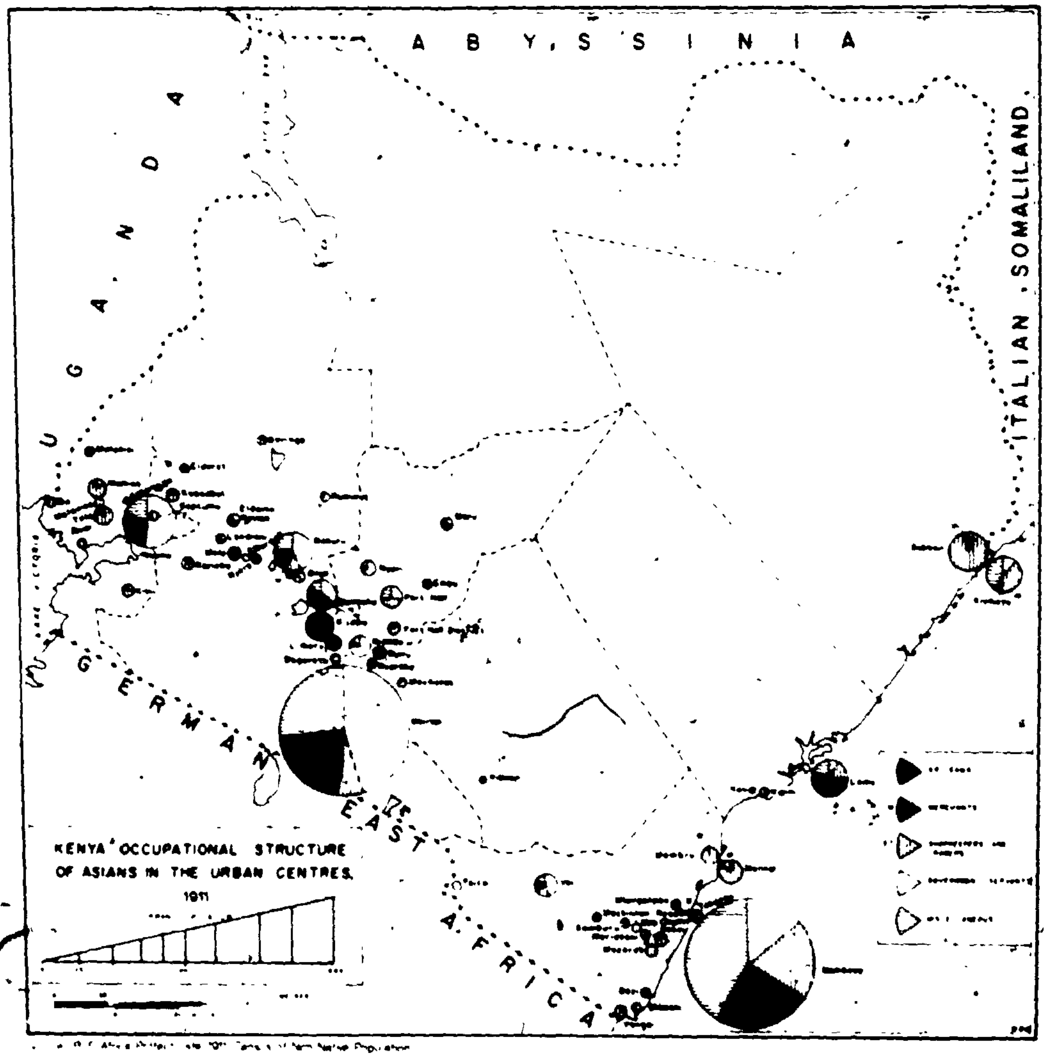
A B Y S S I N I A
U G A N D A
ITALIAN SOMALILAND
G E R M A N E A S T A F R I C A
KENYA OCCUPATIONAL STRUCTURE
OF ASIANS IN THE URBAN CENTRES,
1911

Figure 5.4

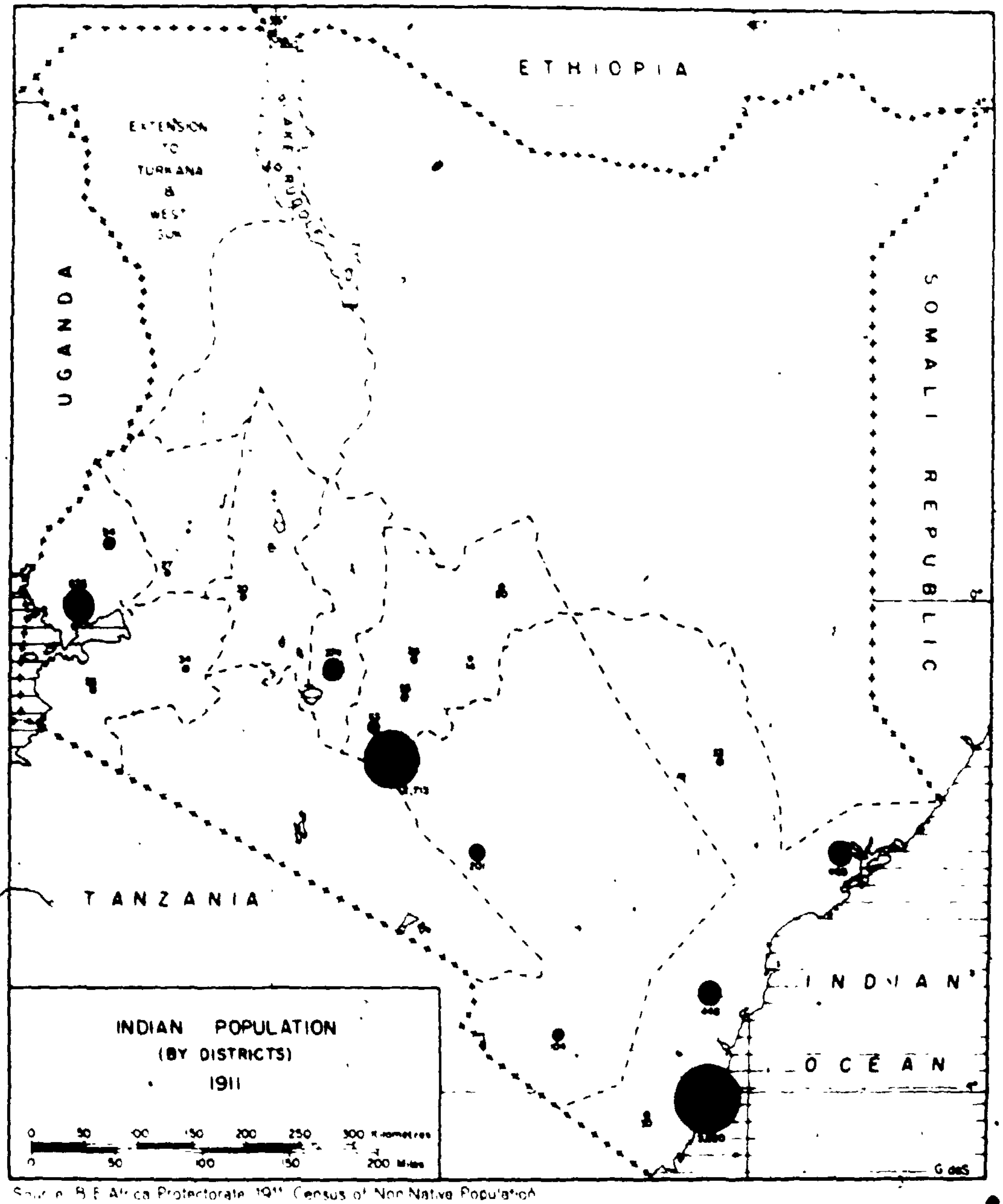
ETHIOPIA
EXTENSION TO TURKANA & WEST SUK
UGANDA
SOMALI REPUBLIC
TANZANIA
INDIAN OCEAN
INDIAN POPULATION
(BY DISTRICTS)
1911
G deS

Figure 5.5

districts in 1911 provides a similar indication. During the early years of colonial rule, the responsibility for the establishment and regulation of trading centres lay mainly with the administration; but instances have also been quoted of Indian traders in Nyanza Province canvassing local chiefs with gifts to establish trading centres after which the administration would be approached by both parties to gazette the centres.

In addition to the aforementioned penetration of the inland by Indian traders, the earliest years of railway building had witnessed similar development along the railway line. A report of 1897 describes such a development:

> Two Indian merchants have this year opened shops at Machakos and the rupee currency is beginning to be understood and used by the Wakamba as a medium of exchange. A Swahili township, intersected by regular roads and lit by lamps, with a population of about 200, is now springing up around Machakos station. The township is being laid out in plots, which are being leased by the government to the occupants, and the fact that the Indian and Swahili traders are building a mosque there is an evidence of their intention to stay. Indian traders have also begun to settle at Voi, in Taveta, the terminus of the first section of the Uganda Railway and at Kibwezi, and will doubtless establish themselves permanently at all the larger railway centres.[1]

Sir Guildford Molesworth, commissioned by the Uganda Railway Committee in 1898 to inspect the line made similar comments:

> The civilizing influence of the railway is most marked even on the unpromising region which it has hitherto traversed. The tribes in contact with it have already commenced to trade and a demand for European goods is springing up amongst them. Traders are beginning to settle around the different stations and at Voi there is quite a flourishing bazaar.[2]

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[1] Report by Sir A. Hardinge on the British East African Protectorate for the year 1897-98.

[2] Sir G. Molesworth, Report on Uganda Railway, Africa No. 5 (1899).

In 1905, it was reported by the colonial administration that over 80 percent of the capital and business component of the country was Indian.[1] The role of the Indian trader in developing the trade of the country and thereby establishing the first slender means of communication and effective spatial inter-action between the indigenous people and the international exchange economy was clearly recognized by the British colonial administrators,[2] as had been by their Omani predecessors at Zanzibar earlier. Indian traders closely followed on the paths of the early colonial military expeditions that were sent out to subdue the different African tribes and bring them under the aegis of colonial rule, a process that had been largely accomplished by the end of the first decade of the 20th century. The result of these expeditions was reflected in the establishment of military posts that later became provincial and district headquarters in which these pioneer traders settled. Subsequently, these places formed the nuclei for the diffusion of trading centres and Indian traders in the African Reserves of the country.

The main cradle for the early development of long-distance trade in Kenya was the North Kavirondo District of Nyanza Province around

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[1]Hill, op. cit., p. 286. However, this estimate seems to be an exaggeration.

[2]The early officials and administrators in the interior had to keep supplies of trade goods at the government stations to make payments. Even the soldiers had to be paid wages in clothes, wire, beads, etc. for local exchange and because trade goods could not be purchased locally for want of traders; e.g., in order to pay troops in Mau District, cloth had to be obtained from Uganda via the German road and then carried down the English road as far as Eldama Ravine. The arrival of traders greatly relieved the administration of these irksome problems. Uganda Protectorate, Annual Report, 1897-98.

Lake Victoria (Fig. 5.4).[1] The reasons for such early participation of the inhabitants of the lake basin in the long-distance trade and the colonial economy compared with other areas of Kenya may be threefold: (1) the favourable physical environment of the lake basin to support such a trade and its location at the railhead, coupled with the ability of the local inhabitants, especially in the region around Kisumu and Mumias, to perceive the benefits of their participation in the trade; (2) the stimulus derived from the early establishment of traders in this region and the pre-colonial importance of Mumias as a caravan centre; and (3) the effects of Kisumu as the railway terminus through which was channeled the entire trade of the lake basin, reinforced by early administrative efforts to increase production.[2]

The region around Mumias was thus one of the first areas in the interior of Kenya subjected to the influence of traders through the establishment of trading centres during the first two decades of the 20th century. On account of the potential of this region to bring "a very large amount of native produce to the railway," proposals and

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[1]Major E. M. Legett, "The Economic Development of British East Africa and Uganda," Royal Soc. of Arts Journal, Vol. 63 (1915), pp. 109-220. Major Legett was the Managing Director of British East African Corporation, which had a major interest in cotton growing in East Africa.

[2]In 1907, John Ainsworth, then Subcommissioner of Nyanza Province, observed that "Kisumu as the terminus of the Railway and the principal port on Lake Victoria, with its piers, its shipbuilding yards, its engineering and other workshops, was a busy place...". Goldsmith, Memoirs of John Ainsworth, op. cit., p. 66. The remarkable progress of African agriculture in Nyanza then was largely due to his personal interest. He notes: "In 1908 the Kavirondo country supplied no export traffic to the railway. By 1910, the value of native produce exported by rail reached £44,000 and by 1911, £66,000. By 1913, Kavirondo was railway's best customer--hence proposals for branch line from Kisumu to Mumias--to develop North Nyanza." Ibid., p. 77.

a survey were made for the construction of a Kisumu-Mumias branch line of the railway as early as 1912,[1] although for various reasons, the project was not completed until 1928.

The densely populated Kikuyu region to the north of Nairobi was precluded from this trade since it had been bypassed by the railway. Because of its close juxtaposition to areas of European settlement, the district administrators were preoccupied with assisting settlers to obtain labour, and the traders in the district centres such as Nyeri and Forthall catered to safari parties rather than to the indigenous inhabitants. It seemed that Girouard's directives for the stimulation of trade were implemented initially only in western Kenya, where the African peasants did not have other options (such as working for settlers) to earn their hut tax money.

In western Kenya, the Nyanza Province played an important role in the emerging colonial economy of the country. Its relative significance may best be gauged from the following statement made in 1914:

> We are frequently reminded that the export of British East Africa is mainly from Kavirondo....Any person with experience of the African native will soon appreciate on proper enquiry and examination of facts that the Kavirondo people are a valuable asset to this...country....[As] eminently agricultural and pastoral producers, they take readily to barter and to commerce and have...proved themselves...the backbone of our industrial working population.[2]

As the data in Tables 5.8a and 5.8b show, an export trade of some importance and to a large extent a corresponding import trade had

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[1] East Africa Protectorate, Administration Reports, 1912-13. Railway, Report of the General Manager.

[2] The "Leader" Annual 1914 (Nairobi: Caxton Printing and Publishing Works, 1914).

been built up in the then East Africa Protectorate by 1914. A gradual monetization had been introduced successfully, and an accompanying expansion of the capacity of the subsistence African economy had taken place to produce commodities, which found a ready sale in other countries, and which, in return, facilitated inexpensive imports of mainly unbleached cottons from the United States. Before the First World War, grain (simsim and maize) was the leading domestic export of Kenya, chiefly obtained from the Nyanza Province. This was followed by hides and skins, ivory and rubber. The trade in these latter export commodities may be regarded as a commercial exploitation of the wasting assets of the country, a typical situation characteristic of the early pioneering phase of colonial "economic development". The tempo and extent of trade in hides and skins, for instance, was decisively influenced by periodic outbreaks of gastro-entitis causing high cattle mortality. Similarly, the supply of rubber and ivory was dependent upon occurrence of famines when the traditional subsistence sources of food supply failed and the African peasants would be forced to sell ivory which they otherwise kept buried underground as a form of bullion;[1] or they would be compelled to tap wild rubber trees to sell the sap to traders in order to be able to buy food from the same traders. As pointed out, it was only in the Nyanza Province of Kenya where any early attempts were made to develop the cultivation of crops like grains and simsim.[2]

[1]British East Africa, Annual Report, 1901.

[2]As has been noted elsewhere, such efforts in Nyanza also subsequently virtually subsided due to the preoccupation of the administration with white settlement. H. Fearn, An African Economy: A Study of the Economic Development of the Nyanza Province of Kenya, 1903-1953 (London: Oxford, 1961).

As far as imports were concerned (Table 5.9), cotton piece goods for the African peasant market were the leading import item at that time, accounting for about 28 percent of total imports. Cotton piece goods constituted also the leading re-export of Mombasa firms to German East Africa (Table 5.10). Trade in these inexpensive goods was all that the African peasant market could support, as is shown in Table 5.11 by the type of cotton goods imported during that period. Most of the cotton demand was for grey unbleached cottons ("mericani"), a cheap and coarse article imported from the United States at about $2^{3}/4$d per yard, a price with which the mills of Manchester could not compete. Other imports were of a miscellaneous character--beads, copper and iron wire exclusively for the African market, and foodstuffs (chiefly flour, sugar and provisions) and building materials (Table 5.8b).

Export trade, consisting of commodities produced by Africans for sale to foreign markets, determined the vitality of import trade as the following quote from the 1911/12 Annual Report of Kenya demonstrates:

> The factor which has had the widest influence on the trade of the year has been the steady growth of exports, which have brought the return flow of money and have determined the capacity of the country to purchase imports.[1]

Export trade also determined the extent and progress of regional development in Kenya as in the neighbouring territories of Uganda and Tanganyika. This process may be defined in terms of the participation of the indigenous inhabitants in the colonial economy, based on long-distance trade:

> ...no matter how eager the people surrounding the lake may be to buy imported goods, their ability to do so will depend on their receipts from exports....They must be taught to trade

[1] East Africa Protectorate, Annual Report, 1911-12.

and so far the best teacher is the small Indian trader, who, notwithstanding many obstacles, is pushing his way all along the coast of Africa and as far into the interior as is possible with a fair amount of safety. Men of his clan have infinite patience and are satisfied with comparatively small profits. Their expenses are so moderate that they can make a good living where a white trader would utterly fail.[1]

The inter-dependent nature of long-distance export/import trade and local trade is illustrated, for instance, by the fact that there was a sharp fall in imports in 1907-1908 after four years of progressive expansion, thereby causing a corresponding fall in transit trade with German East Africa. This situation was mainly attributed to a financial crisis in the United States which had led to a curtailment of demand for hides and skins, then a leading export from East Africa primarily destined for the American market. The consequent depression of local trade in East Africa led to a reduced purchasing power of the African peasants, and this, in turn, curtailed the demand for imports.[2] By 1912-13, the local economy had sufficiently recovered, and it was observed that "large sums of money received for grains, hides and other produce sold by the natives have stimulated business in many directions."[3] This demonstrates the extent to which the pace of local trade and regional development was dependent upon long-distance export/import trade.

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[1]Inspection Report by F. O. Callaghen on Uganda Railway, 1902. Quoted in Hill, Permanent Way, op. cit., p. 225.

[2]East Africa Protectorate, Annual Trade Report, 1911-12.

[3]East Africa Protectorate, Annual Trade Report, 1912-13.

5.3 Spatial Organization of Firms Conducting Long-Distance Trade[1]

The pattern of regional development closely related to long-distance trade that had developed in East Africa during the first two decades of the 20th century can be conceptualized in terms of the centre-periphery model discussed in Chapter II of this study. The development of an export enclave based on commercialization of African peasant agriculture in the lake basin of the three territories was intimately linked with the growth of Mombasa as its point of attachment with the outside world. This is further evidenced by the pattern of organization of firms conducting this long-distance trade.

5.3.1 The Pattern of Organization in 1909

In 1909, Mombasa's position as the focus of the evolving spatial economic system in Kenya had been strengthened by the arrival of several new firms on the scene to partake in the expanding volume of trade, although Nairobi had usurped the function of being the political and administrative capital. The number of major mercantile firms with head offices in Mombasa had increased from nine (seven European and two

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[1]The data used to draw the conclusions arrived at in this section are based primarily on information obtained from the business directories, oral evidence collected by the author and other published sources. The following business directories have been used: (a) The Handbook for East Africa, Uganda and Zanzibar: 1904 (Mombasa: E. African Standard, 1904). Subsequently called the Red Book; (b) Red Books for 1905, 1906, 1907, and 1909; (c) Handbook of British East Africa 1912, compiled by H. F. Ward and J. B. Milligan (Nairobi: Caxton Printing and Publishing Co., 1912); (d) British East Africa and Uganda: The Leader Annual and Gazetter of British East Africa, 1914 (Nairobi: Caxton Printing and Publishing Works, 1914); (e) East Africa (British): Its History, People, Commerce, Industries and Resources (London: The Foreign and Colonial Compiling and Publishing Co., 1908-09); and (f) Drumkeys Year Book For East Africa: 1909 (Bombay: The Times Press, 1909).

Asian) in 1904 to 35 in 1909 (17 European and 18 Asian), compared with Zanzibar which served as the headquarters for 22 commercial firms in 1909, the majority (18) of these being Asian establishments.[1] While some of the Mombasa firms had shifted their headquarters from Zanzibar, a large number of them were new arrivals that had chosen Mombasa rather than Zanzibar for their head office location.

The majority of the commercial dealings, consisting mainly of import of cotton textiles and export of African produce, were dominated by a handful of large European continental firms,[2] predominantly German, which were located in both Mombasa and Zanzibar. As branches or subsidiaries of well-established firms in Europe, some of them had been trading in East Africa from as early as the 1830's.[3] However, as Table 5.12 shows, a large number of them were newly arrived commission agents and manufacturers' representatives who, as a rule, carried on several unrelated lines of business. This lack of specialization was a reflection of the relatively underdeveloped nature of the market stemming from its dependence upon the peasant African subsistence economy in the basin of Lake Victoria and the infant plantation economy of the coast

[1] Besides, about seven other firms (five European and two Asian) in practice used both Mombasa as well as Zanzibar as headquarters, and one European firm also used Zanzibar as well as Dar-es-Salaam as its headquarters.

[2] These were William Oswald & Co.; Hansing & Co.; Besson L.; and Deutsche Ost Afrikanische Gesellschaft.

[3] Examples of these old established firms are: Oswald & Co.; Arnold Cheney (formerly the firm of John Bertram); W. Hintzman & Co.; and Hansing & Co. Similarly, some of the Asian firms were also of long standing, such as Sherrif Jaffer & Co., Esmailjee Jivanjee and Karimjee Jivanjee.

dependent mainly upon rubber, sisal and coconuts.[1]

The German houses in Mombasa which monopolized most of the business formed a close circle to prevent competition. Their activities were enhanced by facilities provided by the German Government in the form of subsidies and a "through rate" system of freight rates between German ports and East Africa on their own line of steamers[2] and by the Deutsche Bank which supplied financial services on liberal terms, as witnessed by a contemporary British observer:

> As a rule German firms start well financed and with a high class clerical staff at a very moderate pay. Their home and colonial governments are of very material assistance to them in ways apparently unthought of by ours.
>
> The Deutsche Bank, as soon as it knows its men, will advance on a draft ninety days D/A in full,...up to a certain limit on each indentor, increasing or decreasing the limit as necessity warrants. Among the British banks at Zanzibar, the Standard Bank of South Africa closed down, presumably because it could not make a success of it, and the National Bank of India certainly does not take care to look at a D/A draft, except as a collecting medium.[3]

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[1]Examples of Mombasa based European firms then which had important interests in the coast plantations, either directly as holders of concessions to exploit a particular product or indirectly as managers for absentee owners abroad were Hansing & Co. (rubber); British East African Corporation (cotton, rubber, sisal); Besson & Co. (mangrove); Smith Mackenzie & Co. (mangrove); Hilton & Sons (rubber, sisal); Robitsek and Reiss (sisal); and E. African Syndicate Ltd. (sisal, rubber).

[2]These were the German East African Line and the Messageries Maritime Line. The "through rate" system was an ingenious combination of railway rate and ocean freight which was said to be skillfully manipulated by the German Department of Commerce to enable the factories situated far from the seaboard to send their wares down to the coast ports for shipment abroad at a nominal cost. Thus the continental vessels even carried the British cargo.

[3]W. H. Hooker, The Handicap of British Trade with Especial Regard to East Africa (London: John Murray, 1916), p. 18. Mr. Hooker was in 1916 the Deputy Director of the East African Section of the London Chamber of Commerce.

Some of the German firms also used Zanzibar as the entrepot for their activities related to the more distant markets such as Madagascar.[1] This location also enabled them to keep in close touch with the German East African market and with Dar es-Salaam (the capital of German East Africa), and, at the same time, they could take a share of Zanzibar's clove and ivory trade.[2] However, even for these firms, it was their Mombasa branches which served as the main depot for the more important mainland hinterland. As residents of Mombasa and Zanzibar, the German firms had equal rights under the Treaty of Brussels with other nationalities while, commercially, they ruled the entrepot trade of a territory which was otherwise a British colony; a fact which was a source of great consternation to the British.[3]

A few of the European firms based on Mombasa had their own series of branches or agents in the major regional entrepots acting as regional collecting and distributing centres for the coastal head offices. Thus, of the 22 European firms located in Mombasa in 1909, three had branches in Lamu, two in Malindi, five in Kisumu, nine in

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[1] For instance, the firm of Oswald & Co. of Zanzibar had credit dealings in Madagascar with 32 Indian establishments and had its own private steamers to keep in touch with them.

[2] As noted earlier, Zanzibar still maintained its position as the world ivory market, even for ivory coming from the East Africa Protectorate, despite the loss of other entrepot functions to Mombasa. Note that cloves were a product of plantations on the island of Zanzibar. The preponderance of Germans in Zanzibar's trade is also indicated by the fact that in 1907, out of a total of 231 merchant marine vessels (with a total tonnage of 466,429 tons) entering and clearing from Zanzibar, 122 vessels with a tonnage of 273,619 were German.

[3] Legett, "The Economic Development of British East Africa and Uganda," op. cit., p. 214. J. McArthur, "The Prospects of British East Africa," Chambers Journal of May 14th, 1904.

Buganda (Kampala, Entebbe or Jinja), at least four in Mwanza or Bukoba, three in Nairobi, and twelve in Zanzibar. The pattern of spatial behaviour of these Mombasa based firms as reflected in their organization differs significantly from the eleven European firms based in Zanzibar, most of whom (nine) had their branches in the German East African ports of Tanga and Dar es-Salaam; this demonstrates the preoccupation of the Mombasa firms with the long-distance trade of the lake basin.

The majority of European mercantile houses located in Mombasa acted as suppliers of imports to, and buyers of produce from the wealthy Asian merchant firms in Mombasa. These wholesale Asian firms, in turn, supplied and financed the smaller Indian firms located either in Mombasa or in the provincial and district headquarters in the interior and bought their commodities in return. The smaller Indian firms and traders distributed the goods to the African peasant in exchange for his produce. The German system of financing trade on long credit terms which was to remain strongly imprinted on East African trade for a long time, made it certain that trade, both in produce as well as in imports, stayed within the hands of the German firms, as the following example put forward in 1916 illustrates:

> Let us see what the Germans did in the case of, say [imported] sugar...only the cheapest sugar is wanted for native trade. What does the German do? He sells his sugar to the Indian merchants, taking a six months' bill. If, as is probable, half the merchants cannot retire their drafts, he then extends them at 6 percent, the local rate being 9 percent. Naturally, from the very first, and while anything is owing, a proviso is made that he brings his produce to the German to negotiate, and he also makes his purchase of other merchandise from the German. If the Indian merchant does not do well in one place,

> the German places him, his family and his goods, lock, stock and barrel, somewhere else.[1]

As in the case of European firms in Mombasa and Zanzibar, there were significant organizational differences between the Asian firms centred in Mombasa and those in Zanzibar, reflecting differences in trade flows. Of the 20 Asian firms in Mombasa, three had branches in Lamu; four in Kisumu, at least three in Kampala/Entebbe, eight in Nairobi, at least three in Mwanza, seven in Zanzibar, two in Fort Hall, two in Bombay and/or Karachi, two in Dar es-Salaam and/or Tanga, and at least one each had a branch in Malindi, Nakuru, Nyeri, Naivasha and Eldama Ravine. The branch patterns of Mombasa based Asian firms thus reflected the dual involvement of these firms in the trade of the interior as well as in the coastal trade.

On the other hand, the branch pattern of Zanzibar based Asian firms indicated a much greater degree of preoccupation of these firms with coastal trade. Of the 18 Asian firms in Zanzibar at that time, three had branches in Tanga, five in Dar es-Salaam, six in Malindi, three in Mombasa, two in Bombay, and there was a branch in each of the following centres: Kismayu, Pemba, Lamu, Bagamoyo, Tabora and Ujiji. Besides that, one Asian firm based in Aden and two firms based in Bombay had branches in Zanzibar. While Zanzibar had lost to Mombasa by 1909 its former wholesaling function for the mainland (lake basin) trade, it still maintained its position, although on a much smaller scale than before, as an entrepot centre for the coastal trade and also for the trade in foodstuffs (rice, ghee, etc.) with India and Burma

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[1] Hooker, op. cit., p. 58.

which was primarily in the hands of Asian firms based in Zanzibar.[1]

In summary, the predominant pattern of commercial organization and trade flows in East Africa in 1909 may be described thus: a head receiving and delivering establishment at the coast (Mombasa) with a number of subsidiary outposts or agents located in the provincial or district headquarters of the hinterland acting as regional entrepots, e.g., Kisumu, Mwanzam Bukoba, Kampala and Nairobi; these latter outposts, in turn, had their clientele of smaller traders in the local trading places from where they disposed of the imports to the African peasants and in return purchased, by barter or money, the peasant's produce. In many cases, the Indian or African hawker represented a final additional link in this chain of collection and distribution based on long-distance trade.

The Asian wholesale merchant at the coast, however, did not always own a chain of establishments in the hinterland, as was evidenced by the limited extent of branches of Mombasa based Asian firms. Most of them had been established locally and run as family businesses, the ownership and management of the business being confined to the extended family unit. Exceptionally large firms like Allidina Visram were thus

[1]Examples of such firms are Sharrif Jaffer & Co., and Mohamed Dhanjee & Co., both of Mombasa, Esmailjee Jeevanjee and Karimjee Jivanjee of Zanzibar and Cosawjee Dinshaw of Aden and Zanzibar. These firms had invested most of their returns in coast property, owned land and plantations on the coast and some of them even owned ships and dhows which were involved in the coast trade. The firm of Mohamed Dhanjee of Mombasa, was, for instance, reported to own 10,000 acres of land within a 10-mile radius of Mombasa in 1909. Similarly, the firm of Sharrif Jaffer & Co. owned 15,000 coconut trees along the coast and land in Lamu and Malindi. East Africa (British): Its History, People, Commerce, Industries and Resources (London: The Foreign and Colonial Compiling and Publishing Co., 1908-09).

an exception rather than the rule in case of most Mombasa based Asian firms.[1] Often, the form of control exercised by them over the firms in the hinterland was more subtle and was exercised through kinship and communal ties. A coastal Asian businessman of some standing may, for instance, help bring one of his relatives from the Indian sub-continent to East Africa and employ him within his establishment as an assistant. Eventually, after a few years, the assistant would break away from the parent establishment to set up his own firm or would take over, under his name, one of the branches of the parent establishment. The links with the latter, however, would usually be maintained as supplier of imported goods and for the disposal of local produce; such links would be strengthened by the system of financial relationships in terms of advances made for buying produce and 'open credit' given on imported goods, similar to the financial links which bound the coast merchant to the European firms in Mombasa. Thus, a number of the large firms in East Africa's regional entrepots such as in Kampala, Kisumu, Fort Hall, Nyeri and Embu in the twenties and thirties had been established and were owned by one-time employees of Allidina Visram for whom they had worked as local branch managers or subagents. Once these employees had set up their own establishments, they would, in turn, bring in some of their relatives from India as assistants to help manage their establishment; or to open up and manage a smaller branch in one of the surrounding trading centres to ensure an outlet for their goods as well as to

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[1]The firm of A. A. Visram, located at Mombasa, was reputed to have 43 branches in the interior stretching as far as Southern Sudan and the Congo.

ensure a share, if not a monopoly, of the produce trade.[1] Over time, these assistants would also break away from the parent establishment to set up their own firms, although, again, the ties would be maintained.

Largely in association with the above pattern of commercial organization and the related patterns of communication and transportation development, Mombasa emerged as the conflux of information flows for the lake basin trade. This enabled Mombasa to acquire a superior information environment, compared with Zanzibar or other coastal port cities, for this trade. Over a period of time, progressive extension of the trading frontier in the lake basin enclave, due to the diffusion of Indian traders and consequent expansion of long-distance trade, further reinforced Mombasa's information superiority. This, in turn, led to increasing concentration of the intermediary function related to this trade on Mombasa and expansion of its wholesale-trading complex. In a similar manner, the practice of financing long-distance trade by European firms in association with commercial banks that had developed in East Africa further enhanced the concentration of the mercantile intermediary function on Mombasa. The importance of credit as a medium used by the German firms in getting a "lien" on the business dealings of Indian wholesalers in Mombasa has been shown above. This emphasized the need for personal contact between the European and Indian firms in Mombasa.

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[1]Often the larger firms established branches under the names of their employees to avoid official detection as the administration did not show itself very sympathetic to such monopolistic practices by Asian firms in order to avoid exploitation of the African peasants.

From the evidence available, it seems that the traders in the regional entrepots and surrounding trade centres during this period derived most of their profits from produce trade rather than the trade in imported goods, again stressing the role of the former as the prime mover in regional development. At this early stage of development, the African peasant demand for imported goods was not yet very articulate; trading for them was but a means to augment one's herd of sheep and goats[1] besides paying the hut tax. Asian traders in the Reserves were often criticized by the administration for not making greater efforts to promote more strongly the consumption of trade goods. As a large number of the Asian traders in the interior had started trade with very scanty capital resources, being mainly financed by the "open credit" system and advances from the larger firms who were, in turn, financed by still larger firms, most of the profits obtained from produce trade were ploughed back into the business either to expand its scale or to build a more habitable corrugated iron duka (shop), an ubiquitous feature of all East African urban centres of that time period. Investment of profits into other commercial enterprises such as ice or aerated water factories, grain and oil extract factories, etc. at this early stage was mainly confined to the larger firms in centres such as Mombasa, Kampala and Kisumu.

Nairobi in 1909 was to a large degree a local "frontier" service centre, rather than a regional entrepot, as a collecting and distributing centre for long-distance trade. Its role as a local service

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[1]This was a constant criticism made of the Luo and Kikuyu people in the early district and provincial commissioners' reports.

centre, moreover, stemmed heavily from its political and administrative role as the capital and from its location at the entrance to the Highlands which were in the process of being colonized by European settlers. Only four major independent European firms were resident in Nairobi in 1909, and none of them had branches in any of the other urban centres. Unlike their Mombasa counterparts, these firms were primarily small scale, recently set up concerns that had been started by newly arrived European settlers. They catered chiefly to the needs of administrators and nearby settlers as did the three Nairobi branches of Mombasa based European firms. The two Asian firms, headquartered in Nairobi together with the seven branches of Mombasa based firms, served the African market in and around Nairobi, through itinerant traders besides catering to the European civil servant and settler population.

The small European settler community in the Highlands (Fig. 5.6), however, had a definite stake in the growth of Nairobi as Kenya's commercial capital, in addition to its position as the political and administrative capital. As early as 1910, the Nairobi Chamber of Commerce had approved a resolution calling for a bonded warehouse to be established at Nairobi to facilitate trade and banking and to remove the unnecessary expense involved in the clearing of goods dispatched to and from Nairobi. With the existence of a bonded warehouse, it would be possible for importers to order in bulk and permit the banks to make advances of goods in bond, releasing them only as requirements dictated to suit the merchant.[1] However, Nairobi's role as a wholesaling centre did not become important until after 1920, when the first bonded

[1] The Leader, 12/8/1910.

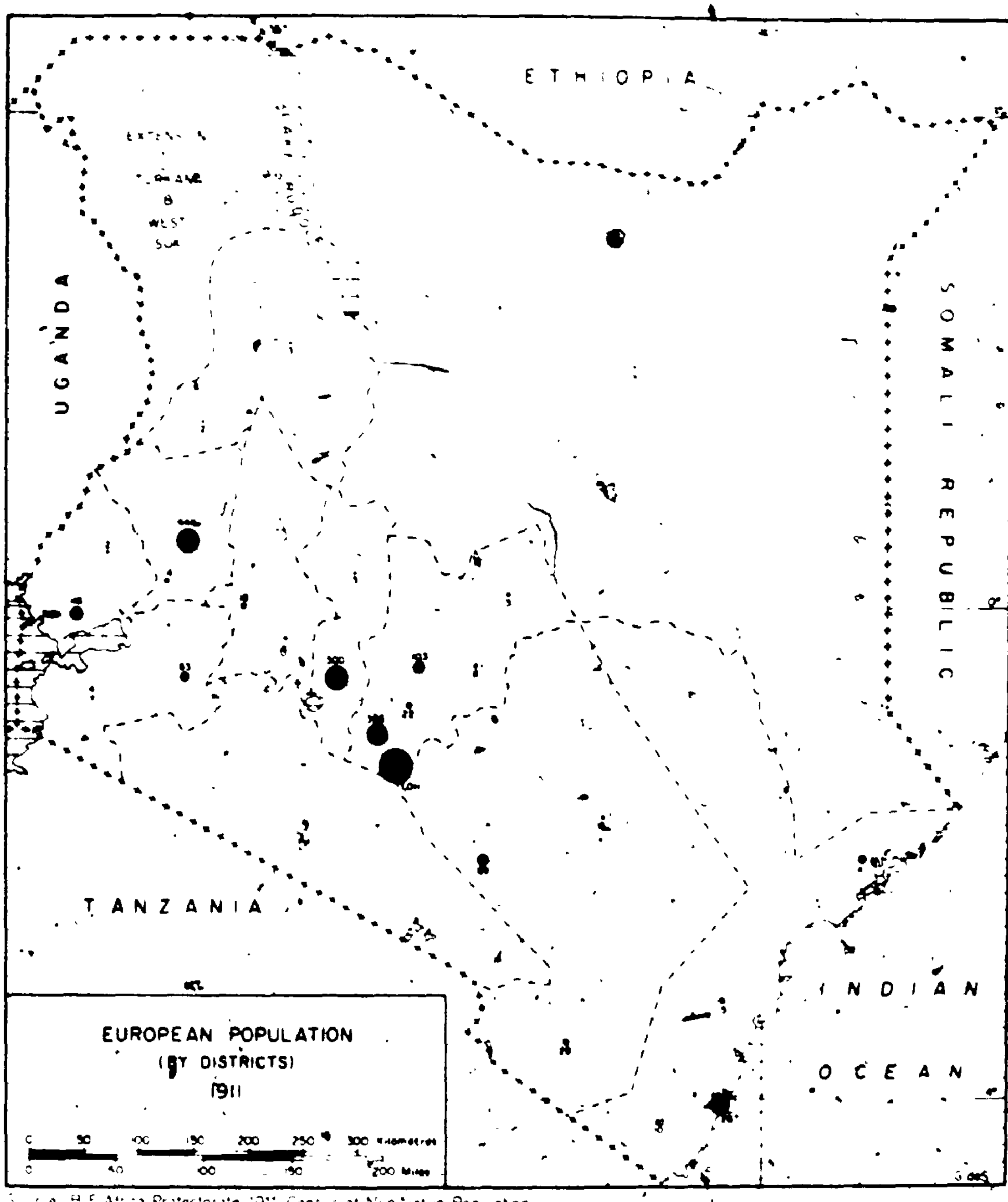
ETHIOPIA
UGANDA
SOMALI REPUBLIC
TANZANIA
INDIAN
OCEAN
EUROPEAN POPULATION
(BY DISTRICTS)
1911

Figure 5.6

warehouse was built there.

The Mombasa mercantile firms "believed the shifting of the capital from Mombasa to Nairobi in 1907 was a great mistake."[1] They were also reported to be already antagonistic towards the Highland interests and "viewed Nairobi and the Highlands as mere pendants to Mombasa, on which the commerce of the country depended."[2] However, from the settlers' viewpoint, the "native" trade on which Mombasa depended was a trade of the past and not of the future and Mombasa remained

> in essence, the almost legendary door of the interior [where foreign trading firms had their godowns] filled with hides and skins, copra and ivory, cloves and ground nuts, rubber and coffee. [Mombasa was still] the old Mombasa, but very slightly affected in its commerce...by the new upland region of the Highlands, whose hopes and methods [were] strange and bizarre to the old established coast trading firms, whose source of trade [was] Uganda and the interior and other tropical regions of the Coastlands and Lake Littoral.[3]

These interests in the interior of Mombasa's mercantile community, according to the settlers, tended to divorce it from the prospective future developments in the Highlands. The Mombasa merchants were implored by the settlers to take an interest in Nairobi "which [was] bound, in the end, to control and draw unto itself the bulk of trade transactions--being the seat of government and midway between the coast and the interior."[4] In the opinion of the settlers, the bulk of the trade would be provided by the European Highland farmers.

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[1]The Leader, 12/8/1910, Editorial.

[2]Ibid.

[3]The Leader, 16/8/1910.

[4]Ibid.

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5.3.2 The Pattern of Organization in 1914

A number of features are outstanding about the pattern of the spatial and functional organization of mercantile firms in 1914 compared with those of 1909. The number of major commercial firms in Mombasa had increased from 42 (22 European and 20 Asian) in 1909 to 61 (33 European and 28 Asian) in 1914, and their branch network had also become more extended and intensified (Table 5.13). This was a reflection of the expanding scale of commerce portrayed in rising export/import trade and in an increased participation of the African peasant population, especially in the lake basin enclave, in the emerging colonial economy. Similarly, there were 32 firms (26 European firms and 6 Asian) in Nairobi in 1914 (Table 5.13) compared with six firms (four European and two Asian) five years ago. The majority of the Nairobi firms, however, were small concerns.

Most of the new arrivals in Mombasa and Nairobi were commission agents and import merchants who carried on several unrelated lines of business and specialized mainly in indent business, which was to become a major feature of the trade pattern in the country. Thus, of the 33 European firms centred in Mombasa, 17 had no branches, most of these being commission agents and manufacturers' representatives. Of the 16 others that had branches, 13 had them in Nairobi, 12 in Uganda (Kampala, Entebbe, Jinja) eight in Kisumu, at least four in Bukoba/Mwanza, three in Zanzibar and three in Dar es-Salaam/Tanga. Similarly, of the 28 Asian firms based on Mombasa, 21 had no branches, being primarily wholesale traders; of the remaining seven, four firms had branches in Kisumu, three in Kampala, four in Nairobi and one in Lamu.

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Of interest here is the increase in the number of branches in Nairobi, especially of Mombasa based European firms--an indication of the increasing importance of Nairobi as an entrepot collecting and distributing centre for the European settlers in the Highlands. The prewar period was characterized by floatation of quite a number of Nairobi based companies dealing with planting, farming, trading and other related branches of industrial activities such as cold storage and milling. In 1914, it was reported that a stock exchange was to be built at Nairobi as quite a large number of such companies had been floated locally, although the plan never materialized.[1] Similarly, in 1911, after much representation by the Nairobi Chamber of Commerce and in response to the settler farming interests, the railway had instituted a special through-rate system ("distribution rates") for imported goods which facilitated wholesaling from Nairobi and other up-country centres located on the railway.[2] In the same year too, the Standard Bank of South Africa established itself at Nairobi and Mombasa.[3]

By 1914, thus, the economy of the White Highlands was beginning to get a foothold, which led some of the well established Mombasa European firms, hitherto preoccupied with African trade, to open

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[1] The Leader, 18/7/1914.

[2] Naturally, the Mombasa Chamber of Commerce was strongly opposed to the Railway undertaking this clearing and forwarding business since, for many Mombasa firms, this was a lucrative sideline.

[3] Prior to 1911, the National Bank of India had the monopoly in banking and stood at a great advantage over any competitor in its Indian connection and rupee coinage. The settlers, however, looked towards South Africa for entrepreneurial initiative as in many other matters of policy too. The Leader noted in December 1910 that "[as] always predicted by us, this colony will be largely developed by South Africans and their connections." The Leader, 10/2/1910.

branches in Nairobi to cater to settlers' needs such as agricultural machinery and fertilizers. As commented on by a Nairobi newspaper:

> By the establishment of the coast firms at the capital, a policy we have always urged, we have the first movement towards a community of interest. Childs, Parr and Joseph had for years relied on the Coast Indians and further up-country trade to maintain and increase their turnover. Since their advent at Nairobi they have done wonders. The [British East African] Corporation is now established in the Highlands and recently Hansing and Company, a typical coast firm, has established a branch here...This is helping to tie the two loose ends of the Protectorate together.[1]

However, of the 26 European firms headquartered in Nairobi, the majority (21) of them had no branches in other urban centres. Of the remaining five, two had branches in Eldoret, one in Londiani, three in Mombasa, one in Kisumu and one in Kampala. Similarly, of the six well established Asian firms in Nairobi in 1914, three did not have branches in other urban centres. Of the remainder, three had branches in Mombasa and one in Kisumu. These facts hardly testify the enormous significance that Nairobi was to acquire soon as an entrepot centre, a significance largely associated with the expansion of the enclave of European agriculture in the Highlands.

The European non-British firms still monopolized business in Mombasa in 1914 due to the aggressive commercial policies of the German firms. Some of the European firms, which were represented as agencies in 1908, had by now opened their own branches in Mombasa in light of the increased scale of business.[2] Following this trend, some of the

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[1]The Leader, 25/10/1913, Editorial.

[2]An example is the firm of Ogdens and Madeleys Ltd. of Manchester who until 1910 were represented by a Zanzibar firm when they decided to open their own branch in Mombasa.

Mombasa based Asian firms listed in 1908 as general merchants had by 1914 branched out into the export/import business.[1]

5.4 Resumé

In a short space of approximately fifteen years, Mombasa had successfully acquired the entrepot function from Zanzibar. This locational shift in the wholesale-trading complex has been of far-reaching significance to these two centres for it initiated the decline of Zanzibar and the emergence of Mombasa as commercially primate cities in East Africa. Such a locational shift was engendered primarily by the decline of the caravan system of trade and its replacement by an railway system of long-distance trade based on the lake basin enclave. Thus, Mombasa replaced Zanzibar as the point of attachment in this spatial economic system. More precisely, the relocation of the wholesale-trading complex from Zanzibar to Mombasa and its subsequent expansion was a function of two factors:

(a) the changing communication and transportation technology and the pattern of route development associated with European colonization in East Africa;

(b) the related effect of agglomeration in Mombasa of commercial firms as a consequence of commercial expansion over East Africa and the associated pattern of development of the East African economy.

The European colonizers in East Africa brought with them a superior technology and, unlike their predecessor Arab rulers at

[1]Examples of this are the firms of Haji Adam and Sons, Haji Kassam and Sons, and Walli Hasham and Co.

Zanzibar, established more effective administrative, communication and transportation systems on the mainland as a foundation of their political dominance. The fact that a complete re-orientation of long-distance trade from the "human" (caravan) to the "mechanical" (telegraph and railway) corridor took place attests to the superiority of the latter means of communication and locomotion in terms of time-cost distance. Such a reorientation of information and trade flows from the "German road" to the "English road" was also possible because of the very limited extent to which urban and related infrastructures had been laid out along, and diffused from, the caravan transportation corridor in central Tanganyika. The reaction to the above changes by Zanzibar based firms hitherto handling the long-distance trade in East Africa was eventually to shift the bulk of their mainland operations to Mombasa, while most of the new arrivals also chose this location rather than Zanzibar as the base of their operations in the interior.

Mombasa thus developed as the organizational base for commercial expansion by Indian entrepreneurs over the East African mainland. This pattern of commercial expansion was a direct response to the process of economic growth and regional development then taking place in East Africa and, in turn, fostered this process of growth. The dynamics of this process of economic growth can be described, within the context of the centre-periphery model, as the emergence of a spatial economic system of long-distance trade based on an enclave of peasant agriculture in the lake basin. This enclave produced commodities for export and, in return, consumed most of the imported trade goods. The mode of organization and expansion of Mombasa based firms was thus a reflection of the spatial re-orientation of long-distance trade flows in East

Africa at that time. It consisted of a head establishment at the coast with a series of agents, branches or clients located in the enclave at the inland railway and lake service termini such as Kisumu, Mwanza, Bukoba, Jinja and Kampala. They functioned as depots for collecting and forwarding produce to Mombasa and, in return, distributing imported trade goods.

The mode of commercial organization based on Mombasa along with the related pattern of communication and transportation infrastructure development led to the emergence of this port city as the conflux of information flows related to long-distance trade in East Africa. Consequently, Mombasa acquired a superior information environment, compared with other coastal ports such as Zanzibar, for catering to this long-distance trade. As has been shown, the information superiority of Mombasa was progressively enhanced over the years by the diffusion of the trading frontier in East Africa through the medium of Indian traders and by the corresponding system of financing long-distance trade that had begun to evolve in East Africa. This led to an increasing concentration of mercantile intermediary activities on Mombasa. The wholesale-trading complex thus constituted the most dynamic sector of Mombasa's economic base.

As will be shown in the next chapter, the entrepot function of Mombasa expanded even further during the interwar period, by which time East Africa was well past the early pioneer phase of colonial mercantile development. But an equally important phenomenon in the evolution of wholesaling in Kenya, as already indicated in this chapter, was the emergence of Nairobi as an entrepot centre, eventually equal in importance to Mombasa. An attempt is made to explain the development of such a bipolarized pattern of location of the intermediary function. Chapters VI and VII will examine the spatial dynamics of mercantile intermediaries in Kenya during the interwar period within the context of this question.

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TABLE 5.1a

German East Africa's Trade with Zanzibar
(in Marks): 1898 to 1909

Year	Exports to Zanzibar	% of Total Exports	Imports from Zanzibar	% of Total Imports
1898	3,215,805	74	7,024,545	60
1899	2,696,427	69	7,094,156	66
1900	2,987,189	69	5,873,976	51
1901	3,169,411	69	5,951,925	63
1902	3,548,139	67	5,060,767	57
1903	3,357,756	56	5,531,469	54
1904	3,644,195	41	5,411,274	37
1905	2,132,318	21	4,632,665	26
1906	1,378,649	12	4,153,151	17
1907	2,411,170	19	1,178,869	13
1908	1,877,191	17	4,269,193	17
1909	2,271,100	17	4,296,800	13

SOURCE: H. Brode, British and German East Africa: Their Economic and Commercial Relations (London: Arnold, 1911), p. 168.

TABLE 5.1b

British East Africa's Trade with Zanzibar
(in Pound Sterling): 1897 to 1909

Year	Exports to Zanzibar	% of Total Exports	Imports from Zanzibar	% of Total Imports
1897	43,548	62	106,953	23
1898	59,544	83	206,635	43
1899	86,038	70	109,640	24
1900	72,507	86	101,520	23
1901	82,469	73	129,748	30
1902	36,642	25	153,367	34
1903	33,986	21	82,567	19
1904	30,546	13	99,725	19
1905	23,778	7	97,190	14
1906	28,761	6	91,635	12
1907	40,178	8	76,538	9
1908	36,434	8	75,848	9
1909	53,866	9	NA	9

SOURCE: Same as Table 5.1a.

TABLE 5.2

Value of Exports and Imports of Uganda and East Africa Protectorate (in Pound Sterling): 1898 to 1916

Year	Exports	Imports
1898-1899	71,145	427,370
1900-1901	83,959	444,142
1907-1908	N/A	799,717
1908-1909	N/A	797,717
1909-1910	N/A	775,246
1910-1911	N/A	1,000,346
1911-1912	N/A	1,330,437
1912-1913	848,312	1,808,343
1913-1914	1,007,868	2,147,937
1914-1915	821,682	1,469,210
1915-1916	686,161	1,708,333

SOURCE: Annual Reports and Annual Trade Reports of the East Africa Protectorate.

TABLE 5.3

Sources of Exports from Mombasa (in Pound Sterling): 1911 to 1914

		1911/12	1912/13	1913/14
Domestic		336,670	421,084	443,624
Other Sources:	Uganda	683,228	427,228	564,224
	German East Africa		331,292	448,103
TOTAL		1,019,898	1,203,201[a]	1,482,876[a]

[a]The total export figures for each year also include small amounts of exports by Sudan, the Congo and Italian East Africa.

SOURCE: Same as Table 5.2.

TABLE 5.4

Value (in marks) of Imports and Exports from German East Africa in Transit through East Africa Protectorate: 1904 to 1909

IMPORTS

	1904	1905	1906	1907	1908	1909
Moshi	112,681	169,534	247,114	191,041	90,998	432,401
Schirate	116,780	93,585	123,574	93,130	46,135	77,695
Mwanza	602,850	1,125,483	2,390,154	2,480,996	1,741,294	1,859,811
Bukoba	501,239	509,266	754,386	770,427	465,461	1,090,399
TOTAL	1,333,550	1,897,868	3,515,228	3,535,594	2,343,888	3,460,306
Grand Total of all Tanganyika Imports	14,338,888	17,655,350	25,152,851	23,806,369	25,152,851	33,941,700
% of Grand Total	9	11	14	15	10	10.2

EXPORTS

	1904	1905	1906	1907	1908	1909
Moshi	182,450	149,018	163,497	132,456	119,040	175,857
Schirate	88,338	150,958	184,693	195,263	94,767	174,677
Mwanza	423,246	1,353,326	1,957,959	2,407,965	1,389,174	1,694,444
Bukoba	434,925	511,834	762,189	721,870	439,501	956,953
TOTAL	1,128,959	2,165,136	3,068,338	3,457,554	2,042,482	3,001,931
Grand Total of all Tanganyika Exports	8,950,565	9,949,661	10,994,712	12,500,174	10,873,856	13,119,500
% of Grand Total	13	22	28	28	19	22.0

SOURCE: Same as Table 5.1a.

TABLE 5.5

List of Exports from the East Africa Protectorate to Zanzibar (in Pound Sterling): 1904 to 1909

	1904	1906	1909
Ivory	15,700	8,700	21,200
Gram	2,000	2,500	6,400
Copra	700	4,600	4,000
Ghee	1,900	1,200	3,700
Livestock	1,300	1,000	4,200
Potatoes	1,100	1,000	1,500
Rubber	-	-	1,600
Gum copal	-	400	800
Hides and skins	2,800	-	3,574
Tortoise shells	155	-	375

SOURCE: Same as Table 5.1a.

TABLE 5.6

Re-exports from Mombasa to German East Africa, the Congo, Sudan and Italian East Africa (in Pound Sterling): 1906 to 1920

Year	Value of Re-exports	% of Total Imports
1906-1907	47,276	N/A
1907-1908	40,150	5
1908-1909	27,090	3
1909-1910	33,600	4
1910-1911	70,002	7
1911-1912	135,425	10
1912-1913	149,962	8
1913-1914	197,313	9
1914-1915	112,553	8
1915-1916	35,757	2
1916-1917	242,840	8
1917-1918	548,179	19
1918-1919	726,280	21
1919-1920	757,730	24

SOURCE: Same as Table 5.2.

TABLE 5.7

Decline of Transit Trade Through Mombasa after 1910 (in Pound Sterling)

Year	Transit Trade
1907-1908	1,251,027
1908-1909	1,174,014
1909-1910	1,165,673
1910-1911	1,606,525
1912-1913	240,650
1919-1920	801,180

SOURCE: Same as Table 5.2.

TABLE 5.8a

Chief Domestic Exports of the East Africa Protectorate (in Pound Sterling): 1900 to 1914

	1900-1901[a]	1911-1912	1912-1913	1913-1914
Gram oil seeds	11,420	108,568	147,250	118,430
Hides and skins	7,227	73,258	87,673	147,474
Copra	-	28,053	31,456	35,587
Rubber	10,265	16,498	22,541	-
Coffee	-	-	-	18,502
Fibre	-	-	-	16,608
Ivory	25,384	15,649	-	-

[a]The figures for 1900-1901 also include Uganda exports.

SOURCE: Same as Table 5.2.

TABLE 5.8b

Chief Imports (in Pound Sterling) of East Africa Protectorate and Uganda (excluding materials for Uganda Railway, goods in transit or government stores): 1898 to 1913

	1898-1899	1907-1908	1912-1913
Cotton goods, apparel	103,028	-	435,647
Rice, wheat, flour, etc.	103,024	89,476	100,903
Provisions	62,339	65,453	76,878
Sugar	-	25,532	42,571
Beads, brass and copper wire	28,108	28,108	28,673
Building materials	-	33,872	52,603
Agriculture implements	-	15,679	27,438
Tobacco	-	18,814	26,517
Arms and ammunition	-	13,042	19,151
Kerosene oil	-	12,293	15,085

SOURCE: Same as Table 5.2.

TABLE 5.9

East Africa Protectorate, Value of Cotton Goods Imports (in Pound Sterling): 1898 to 1920

Year	Value of Cotton Goods Imports	Total Imports (incl. Uganda)	Cotton Goods as a Percentage of Total Imports
1898-1899	103,028	427,370	24
1903-1904	118,539	N/A	27
1904-1905	145,588	N/A	28
1905-1906	210,571	N/A	31
1906-1907	222,278	N/A	30
1907-1908	197,044	799,7[illegible]7	25
1908-1909	207,545	797,747	26
1909-1910	209,734	775,246	27
1910-1911	261,141	1,000,346	26
1911-1912	394,715	1,330,437	31
1912-1913	522,331	1,808,343	29
1919-1920	747,616	3,119,536	24

SOURCE: Same as Table 5.2.

TABLE 5.10

List of Re-exports from Mombasa to German East Africa, the Congo, Sudan and Italian East Africa (in Pound Sterling): 1912-1913

Cotton piece goods	96,855
Brass and copper wires	4,900
Apparel	3,708
Beads	2,699
Manufactured tobacco	1,115
Sugar	1,025
Others	39,660
TOTAL	149,962

SOURCE: East Africa Protectorate, Annual Trade Report, 1912-1913.

TABLE 5.11

Type and Value (in Pound Sterling) of Cotton Goods Imported at Mombasa During 1912-1913

	Quantity (Yds)	Value
Cotton goods, bleached	3,658,105	61,215
Cotton goods, unbleached	22,400,424	268,936
Cotton goods, printed	2,348,813	41,794
Cotton goods, dyed	2,967,751	69,474
Cotton goods, blankets	2,873,472)	80,912
Cotton pieces	1,436,736)	
TOTAL	34,245,301	522,331

SOURCE: Same as Table 5.10.

TABLE 5.12

List of Commercial Firms in Zanzibar and Kenya in 1909

I. MAJOR EUROPEAN COMMERCIAL FIRMS IN ZANZIBAR AND KENYA IN 1909

Firm	Importers	Exporters	Location of Head-quarters & Branches*
Deutsch-Ost Africanische Gesellschaft	X	X	Z, D
Whitelark and Co.	X		M, Z
P. Carrasco	X		M
E. J. Tost	X		L
Anderson and Mayer	X		M
Arnold Cheney and Co.	X	X	Z, M
Besson L	X	X	Z, M, K
Boustead and Clarke	X	X	M, K, J, Ks
Boustead Bros.	X	X	Z
British E. Africa Corp.	X	X	M, Md, L, K, L, Ks
Childs and Co.	X	X	M, Z, D
(Old) E. African Trading Co.	X	X	M, K
Goldberg and Co.	X		N
Hansing and Co.	X		M, Z, D, T, Bg, K, Mw, Mg
Hintzman and Co.	X	X	M, Z, D
Central African Trading Co.	X		M
Mackinon Bros.		X	N
Marcus J.		X	N
Mombasa (BEA) Trading and Dev. Syndicate		X	M, Md

*Key

M - Mombasa	D - Dar es-Salaam	Nk - Nakuru
Z - Zanzibar	Bg - Bagamoyo	T - Tanga
N - Nairobi	B - Bukoba	J - Jinja
L - Lamu	Mw - Mwanza	Mg - Madagascar
Md - Malindi	Tb - Tabora	P - Pemba
Ks - Kisumu	Uj - Ujiji	
K - Kampala/Entebbe	F - Fort Hall	

The names underlined represent the location of the local headquarters and major warehouse establishments of the particular firm.

TABLE 5.12 (Cont'd)

Firm	Importers	Exporters	Location of Head-quarters & Branches
W. Oswald and Co.	X	X	M, Z, D, Bg, T
Smith Mackenzie and Co.	X	X	M, Z, L, T, K
Societa Coloniale Italiana	X	X	M, Ks,J,K,B,L,Mw,T
Stephen Ellis and Co.	X		N
Worms and Co.		X	Z
Anderson Bros.	X		Nk
East Africa Stores	X		M, N
Ewart Thompson and Co.	X		Z
Raaschov H. G.	X		M, Z, T
Denhardt and Co.		X	L
Felix and Favre	X	X	M, N
Max Klein	--	X	M,Ks,Mw,B,K,D,Z
Robitsek and Reis	X	X	M, T, Z
Charlesworth Pilling and Co.		X	Z
Arabian Trading Co.		X	M, Ks, Mw, B, K
Hilton and Sons		X	M, N
II. MAJOR ASIAN COMMERCIAL FIRMS IN ZANZIBAR AND KENYA IN 1909			
Abdul Husein Bros.	X		M, Z
Allidina Visram Lalji	X	X	Z,Bg,Tb,Uj,T,D,Mw
A. A. Visram	X	X	M,N,F,Nyeri,K,Ks,J etc.
Karimjee Jivanjee	X	X	Z, M
Nathani M.R. and Co.	X		Z
Suleman Versi and Co.	X	X	Z, D
Abdul Husein Adamji			Z, M
Allibhai Norbhai			M
Gulamhusein B. Somji			Z, D
Cowasjee Dinshaw Bros.			Z
Hajee Adam and Sons			M, K, Ks
Ismailjee Jivanjee	X		Z,M,P,Md,D,T,L,Kismayu
Jaffermohamed Juma			Z
A. M. Jivanjee			M, N, Ks

TABLE 5.12 (Cont'd)

Firm	Importers	Exporters	Location of Head-quarters & Branches
Merali Visram		X	Z, Md
Moosaji Jewanjee			M
Sharrif Jaffer and Co.			M, L, Z, Md
Sulemanji Alibhai			Z
Suleman Virjee and Sons			N, M, Ks
Valjee Bhanji and Sons			M, N
Yusufali Pirbhai Pishori			Z, T, D
Souza Junior and Dias			M, N, Z, D, K
Souza M. R.			M, N, Nk
Souza C. R.			M, Z
Souza, J. P.			Z
Mody Bros.	X		M
Nazareth J. A. and Bros.			M, N, Ks, F
Souza L. M.			N, Z
Saleh Hasan		X	Z, Md
Peermohamed Gulmani		X	Z
Peera Walli		X	Z
Beliram Perimal		X	N, M
Hamar Hastami and Co.		X	Z, Md
Hasham Nanjee Manjee		X	Z, Md
Moosa Tejpar		X	Z
Nathoo Doosa		X	Z, Md
G. Rashid bin Abdulla	X		Z
Jadevji Dewji			M
Mohamed Dhanjee			M
Walji Hirjee and Sons			M, N
Lalchand Mulchand Bros.	X		M, Z, N, D
Sorabjee M			M
B. Hirjee and Co.			Z

SOURCES: East Africa (British): Its History, People, Commerce, Industries and Resources (London: The Foreign and Colonial Compiling and Publishing Company, 1909); The Handbook for East Africa, Uganda and Zanzibar: 1909 (Nairobi: East African Standard, 1909) (otherwise known as the Red Book); Drumkeys Year Book for East Africa: 1909 (Bombay: The Times Press, 1909).

TABLE 5.13

List of Commercial Firms in Mombasa and Nairobi in 1914

I. MAJOR EUROPEAN COMMERCIAL FIRMS IN MOMBASA IN 1914 AND THEIR MAIN BRANCHES

Firm	Location of Branches*
Africa Coastal Agency	M
Africana	M
Anglo Baltic Timber Co.	M, N, K, Ks
Arabian Trading Co.	M, Mw, B, K, Ks
Arnold Cheney and Co.	M
Besson and Cie	M, K, Z, J, T
Boustead and Clarke	M, J, K, Ks
British American Tobacco Co. Ltd.	M
British East African Corporation	M, N, J, K, Ks
B. E. African Trading Co.	M
Central Africa Trading Co.	M
Childs, Parr and Joseph	M, N
Clarke, J. H.	M, N
Deutsch Ost-Afrikanische Gesellschaft	D. M. Z
East Africa and Uganda Corporation	M, N, K
East African Industries	M
(Old) East African Trading Co.	M, N, K
Frigerio L and Co.	M
Gool M. A.	M
Hansing & Co.	M, N, K, D, etc.
Hintzmann and Co.	M, Z, D

*Key

M - Mombasa	D - Dar es-Salaam	Nk - Nakuru
Z - Zanzibar	Bg - Bagamoyo	T - Tanga
N - Nairobi	B - Bukoba	J - Jinja
L - Lamu	Mw - Mwanza	Mg - Madagascar
Md - Malindi	Tb - Tabora	P - Pemba
Ks - Kisumu	Uj - Ujiji	
K - Kampala/Entebbe	F - Fort Hall	

The first name represents the location of the local headquarters and major warehouse establishments of the particular firm.

TABLE 5.13 (Cont'd)

Firm	Location of Branches
Hooker W. H. Ltd.	M
Ingle W. L. Ltd.	M
Internationale Handels-Gesellschaft	M
Irwin, Gee & Sons	M, N
Klein Max	M, N, Ks, G, Mw
Ogdens and Madeleys Ltd.	M
W. M. Oswald and Co.	M, N, Ks, J
Schwerger Alois and Co.	M
Smith Mackenzie and Co.	M, N
Societa Coloniale Italiana	M, Ks, K, B, Mw
Standard Bank of S. Africa	M, N & branches
Strathmann and Joachim	M
Westplant	M

II. MAJOR ASIAN COMMERCIAL FIRMS IN MOMBASA IN 1914 AND THEIR BRANCHES

Firm	Location of Branches
Bhatt Bros	M
Ebrahim Nanjee and Sons	M
Ebrahimji Adamjee and Co.	M
Esmailjee Jivanjee and Co.	Z, M, P, T, L, Kismayu
Esmail Kahan and Sons	M
Fazal Ladak Sivji	M
Gulamhusein Essaji	M
Habib Nanjee and Co.	M
Haji Adam and Sons	M, K, Ks
Haji Kassam and Sons	M
Jivan Laljee and Co.	M
Jivanjee A. M. and Co.	M, N, Ks
Jivraj Meghi and Sons	M
Kapacee M. G. E. and Sons	M
Ladak Meghi and Sons	M
Madhavji Visram and Sons	M
Nasser Virji and Co.	M
Purshotam Velji	M

TABLE 5.13 (Cont'd)

Firm	Location of Branches
Rajanbhai Janmohamed	M
Rodrigues C. R.	M
Sharrif Jiwa and Co.	M, L, Md
Souza Junior and Dias	M, N
Valabdas and Co.	M
Valji Bhanji and Co.	M, K
Allidina Visram	M, N, K, Ks, etc.
Walli Hassam and Co.	M, Ks, N
Walimohamed Rahimtulla	M
Abdulla Khimji	M
Desai Pandit and Bros.	M

III. MAJOR EUROPEAN COMMERCIAL FIRMS IN NAIROBI IN 1914 AND THEIR BRANCHES

Boma Trading Co.	N
Bulloys and Roy	N
Dustpan	N
Gailey and Roberts	N
Goldberg and Co.	N
Hilton T and Sons	N
Hogg Archibald	N
Jardin E.	N
Kampf, M. D.	N
McCrae J.	N
McDonnell Bros. and Smith	N
Mackinon Bros.	N
Marcus J.	N
Newland Tarlton and Co.	N
Nightingale and Co.	N, Eldoret
Sharp Jos	N
Simpson, Whitelaw and Appleby	N
Stephen, Ellis and Co.	N
Todd, J. H. S. and Co.	N, Eldoret, Londiani
Unga Ltd.	N

TABLE 5.13 (Cont'd)

Firm	Location of Branches
Whiteway, Laidlow and Co.	N
Wood T. A.	N
Preston R. O.	N
Dawson J. H.	N, M
Johnstone and Wilsons	N, M
National Bank of India Ltd.	N, M & branches
IV. MAJOR ASIAN COMMERCIAL FIRMS IN NAIROBI IN 1914 AND THEIR BRANCHES	
Khambatta and Sons	N
Ramrattan Gangaram	N
Siqueira	N
Suleman Virji and Sons	N, M, Ki
Beliram Perimal	N, M
Walji Hirji	N, M

SOURCES: British East Africa and Uganda: The Leader Annual and Gazetter of British East Africa, 1914 (Nairobi: Caxton Printing and Publishing Works, 1914); Handbook of British East Africa, 1912, compiled by H. F. Ward and J. B. Milligan (Nairobi: Caxton Printing and Publishing Works, 1914).

CHAPTER VI

BIPOLARIZATION OF THE ENTREPOT FUNCTION ON MOMBASA AND NAIROBI AND THE ORGANIZATION OF IMPORT TRADE DURING THE INTERWAR PERIOD

Increased agricultural production in Kenya as well as in the neighbouring territories of Uganda and Tanganyika during the interwar period led to a more evolved and complex network of long-distance export/import trade in Kenya as the number of commercial firms multiplied and expanded their activities to cater to this trade. The East African economy, however, was still relatively small, both in terms of total trade, as well as the number of commercial firms handling this trade.[1] The number of business licenses issued to firms operating in Kenya in 1934 was just over 6,000. Moreover, a structural breakdown of these firms (Table 6.1) clearly shows the preponderance, in terms of numbers, of the wholesale-trading complex and associated retail activities in Kenya's economy at that time.[2]

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[1]For instance, the volume of trade of British dependencies in Eastern Africa (Kenya, Uganda, Tanganyika, Nyasaland and Northern Rhodesia) in 1923 just exceeded £14.5 million, compared to a trade of £43.5 million of the four West African dependencies.

[2]This is the only year for which data are available during the study period. Before the establishment of the Central Revenue Registry in 1933, a detailed analysis of licences issued under the Trade Licensing Ordinance was not undertaken. Licensing Ordinance No. XLI of 1933, Official Gazette, 1933.

6.1 Character of The Distributive Sector

The extent of specialization among the trading firms was limited, mainly on account of the small size of trade. "Practically every trader and every professional man [had] to carry on various forms of business."[1] Thus, for instance in 1934, there were only 167 wholesale importers in Kenya (Type A Licence in Table 6.1). The number of firms with "wholesale only" licence was even smaller, totalling only 52 (Type B licence in Table 6.1). A majority of the firms (496) were retail combined with import trade (Type C licence in Table 6.1), a characteristic stemming from the small size of the East African economy. There were also 65 firms licenced to act as manufacturers' agents and five commercial travellers.

The above-noted firms performed the higher level intermediary function in Kenya associated with long-distance export/import trade. With respect to their organization and ownership, these firms were of two types. Firstly, there were the foreign trading firms, which in many instances, were "outposts" of large European enterprises with headquarters in metropolitan capitals such as London and Hamburg (Fig. 6.1). These international marketing firms also participated in the export/import trade of other colonies in Africa, Asia and the West Indies, and, in some instances, East African trade made up a relatively small proportion of their activities. In East Africa, they arranged for the sale of agricultural produce on the international market and, in return, supplied imported goods for the distributive trade.

[1]Kenya Legislative Council Debates (henceforth referred to as KLC, Debates), 1934, p. 1045.

THE

AFRICAN MERCANTILE CO., LTD.

General Import and Export Merchants
Steamship and Insurance Agents

London, Mombasa, Zanzibar, Tanga, Dar-es-Salaam, Kisumu, Jinja, Kampala, Bukoba, Muanza, and Tabora.

Special correspondents throughout Europe, America, Africa, India and the Far East

Agents for: Clan Line Steamers Ltd., Ellerman Lines Ltd., Harrison Line of Steamers

Ellerman & Bucknall Steamship Co. Ltd.
Thesen Steamship Co. Ltd. (Clan-Thesen Line)

North British & Mercantile Insurance Company Limited
Marine and Fire Insurances

Extensive range of trade goods always in Stock.

ENGINEERING DEPARTMENT

Wiring

TRADING DEPARTMENT

WE ALSO STOCK

Send for Special Price List

PRODUCE DEPARTMENT

Gunny Bags Always in Stock

FORWARDING DEPARTMENT

to any destination in Europe, America, India or the Far East

P. O. Box 110 Telegrams Navigation

Head Office in Africa **MOMBASA**

Source: Kenya Annual and Directory, 1922 (Nairobi: Caxton Printing and Publishing Works, 1922) p. 116

Advertisement of a Foreign Trading Firm

Figure 6.1

3 OF/DE 4

Secondly, there were the locally established firms based in East Africa which largely performed the role of intermediaries between the foreign trading firms and the producers of agricultural commodities in East Africa. These firms thus provided a trading network in East Africa which had been developed to facilitate the collection of produce for export and the sale of imported goods. A majority of them were Asian owned family enterprises, but there was also a small number of locally owned European settler firms, including also the settler marketing agencies.

Complementing and facilitating the operations of the foreign trading firms that handled the export/import trade in East Africa were the financial institutions. These institutions consisted of branches of European commercial banks (Type D licence in Table 6.1) and agencies of European based insurance companies held by some of the larger trading firms (Type J licence in Table 6.1). The activities of these financial institutions, as in other colonies, were mainly concerned with the financing of export/import trade.

In the above institutional structure of firms that had developed in Kenya to handle long-distance trade, the indigenous African population of Kenya, although by far in the majority, remained excluded as had been the case in the past. Their peripheral involvement was limited to semi-subsistence producers on small holdings in the Reserves or, alternatively, as labourers on the European settler farms. In the larger urban centres, African participation in the Kenyan economy was confined to their role as petty traders and hawkers and as petty employees of commercial establishments and the government administration. This situation may explain the alien character of the larger urban centres such as Nairobi even today. As the Royal Commission Report pointed out, such centres in East Africa have mainly grown up as a result of non-African enterprise.[1] Male African migrants to these centres were regarded as temporary inhabitants, working as unskilled labourers for short periods and returning periodically to their small holdings in the Reserves, where their families lived. In fact, even in the Reserves, attempts were made by the government in response to settler pressure to exclude the emergent African entrepreneurs from the marketing system and to confine their role to that of semi-subsistence producers and farm labourers for the settlers.

6.2 Evolving Bipolarization of the Entrepot Function

The interwar period in Kenya witnessed the growth of a largely independent mercantile community at Nairobi in addition to, and despite, the existence of an already established mercantile community at Mombasa which had developed during the previous two decades. Nairobi and Mombasa thus emerged as entrepots of equal importance. This situation differed from that witnessed at the turn of the century when Mombasa's rise had marked the decline of Zanzibar as the East African entrepot.

The reasons for the bipolarization of entrepot function in Kenya on Nairobi and Mombasa are associated with the pattern of economic growth and regional development in East Africa during the interwar

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[1]East Africa Royal Commission Report, 1953-55 (London: HMSO, 1955), p. 200.

period. This period witnessed the growth of two export enclaves along the alignment of the Kenya-Uganda railway. Growth of these enclaves was a reflection of the pattern of resource development and allocation in the three contiguous British Territories of Kenya, Uganda and Tanganyika. Whereas in Uganda and Tanganyika, emphasis had been on the expansion of African production as the basis for the establishment of an export economy, in Kenya reliance was increasingly placed on settler agriculture, especially after 1917, as a means of developing an export economy. These differing policies led to the establishment of an African peasant enclave located in the lake basin in Uganda and Tanganyika at the terminus of the Kenya-Uganda railway and a European settler enclave in the White Highlands in Kenya, approximately half way along the Kenya-Uganda railway.

As had been the case during the prewar period, the port city of Mombasa, located at the seaward terminus of the Kenya-Uganda railway, continued to serve during the interwar period as the organizing node for the peasant enclave in the lake basin. While Nairobi, the political capital of Kenya, located at the "entrance" to the White Highlands and on the Kenya-Uganda railway, emerged during this period as the organizing node for the settler enclave. Bipolarization of the entrepot function on Nairobi and Mombasa during the interwar period may thus be demonstrated by examining the pattern of location and organization of trading firms and the banking system prevalent in Kenya during that period.

6.2.1 Spatial Organization of Trading Firms

Appendix B, based on information obtained from business directories,[1] lists Nairobi and Mombasa based firms and their branch locations in 1936. In Table 6.2, the branch pattern of Nairobi and Mombasa based firms is summarized. As can be depicted from these tables, both Nairobi and Mombasa, at that time, had an approximately equal number of firms, although the branch pattern of Mombasa based firms was far more developed than was the case with Nairobi based firms.

The different branch pattern of Nairobi and Mombasa based firms may also serve as an indication of the pattern of long-distance trade linkages that had developed in East Africa then. The data on branching of Nairobi and Mombasa firms (Table 6.2) is probably an under-representation of the true picture. But from a comparative viewpoint, it can be seen that Nairobi firms had their branches mainly in the settler enclave whereas branches of Mombasa firms were mainly in the lake basin peasant enclave, while a number of firms, both foreign and local, had expanded their activities to cater to the trade in both enclaves. The headquarters of the latter firms were located either in Mombasa or Nairobi depending upon their particular prime interest.

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[1]The following business directories were used for purposes of analyzing the organization of mercantile firms: (1) Eastern Africa and Rhodesia, Historical and Descriptive Commercial and Industrial Facts, Figures and Resources. Compiled and edited by A. Macmillan (London: Collingridge, Ltd., 1930), Section on Business Concerns; (2) Kenya, Uganda, Tanganyiks and Zanzibar Directory, Trade and Commercial Index, 1936 (Nairobi: East African Directory Co., 1936). These two sources had to be combined in view of the fact that the former mainly lists firms interested in the settler trade while the latter mainly lists firms catering to the export/import trade in East Africa as a whole.

The secondary interest was normally represented by a branch office in one of the two entrepots.

The existence of a bipolarized pattern of location of the entrepot function in Kenya was also commented upon by perceptive contemporary observers such as the Hilton-Young Commission in 1930:

> The Mombasa trade and commercial activities and the Nairobi trade and commercial activities have a very remarkable and clear difference. There is a group of commercial interests centered in Nairobi which have more to do with interests up country and focussed on agriculture: agricultural implements, seeds, fertilizers, European produce, needs of coffee growers, etc. That forms a particular kind of commerce, for which Nairobi is the centre and they have subsidiaries in other [Highland] towns.
>
> But Mombasa is essentially the centre of imports, the big imports for native consumption, which if you analyze the total imports of the country form a very substantial proportion. Moreover, the imports go straight through from Mombasa to Uganda, or the Uganda merchants will fill up their stocks by purchase from wholesale importers of Mombasa.[1]

One can surmise then that Nairobi's major trade linkages were with other Highland centres such as Nakuru, Kitale and Eldoret, whereas Mombasa's major trade linkages were with centres such as Kampala, Jinja, Mwanza and Kisumu in the lake basin. Two systems of long-distance trading had thus developed in Kenya, operating relatively independently of each other, one organized from Nairobi and the other one from Mombasa. The former may be referred to as "the settler enclave marketing subsystem" and the latter as "the peasant enclave marketing subsystem".

THE SETTLER ENCLAVE MARKETING SUBSYSTEM

The settler enclave in Kenya consisted of settler farmers of South African and British origin producing commercial crops such as

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[1] Joint Parliamentary Committee on Closer Union in East Africa, Vol. II, Minutes of Evidence (London: HMSO, 1931), Para 3590.

coffee, wheat and maize under a system of large scale plantation/estate agriculture. It was established successfully rather recently during the interwar period when settler production in Kenya underwent considerable expansion and diversification (Table 6.3). Coffee and sisal, maize and wheat, and dairying came to provide the main components of the settler economy during this period.

The worth of coffee as a settler crop in the Highlands had been established as early as 1912, and along with sisal, it increasingly became the economic foundation of Kenya's economy after the 1920's. In the latter half of the 1920's, these two crops contributed on the average 51 percent of the total value of Kenya's domestic exports. Nearly half the European landholders were wholly or partly dependent upon coffee, which employed about one-third of the total labour force of Kenya.

While Kenya coffee farmers could compete on the world coffee market on account of the high reputation of the coffee they produced, this was not the case with cereal and dairy farmers in Kenya. The settler maize industry in Kenya had been established largely as a result of official attempts in 1922 "to foster and develop, by every means possible and with the least possible delay, an export trade in some easily produced bulk commodity for which there was a steady and virtually unlimited demand in the markets of the world."[1] These attempts were regarded necessary to put the Highland economy on secure footing. The collapse of the world commodity boom in 1921, the conversion of Kenya's currency from the rupee to the shilling, along with the failure

[1] Final Report of the Economic and Financial Committee, 1922-23 (Nairobi: Government Printer, 1923).

of plans for settlement expansion after the war, had left many settler farmers on the verge of bankruptcy. Hence, largely in response to the aforementioned official incentives, the number of settler occupiers in the Highlands nearly doubled between 1920 and 1929, the area of agricultural cultivation more than trebled, and the value of exports increased by more than four times. Further attempts made to diversify settler farming activities after the 1929 Depression led to the establishment of dairying and, subsequently, of pyrethrum and tea industries as part of the Highland farm economy.

Nairobi developed as the organizational node for this enclave. Expansion of the settler enclave after the 1920's led a number of large British trading companies to establish branches at Nairobi.[1] These, along with other local firms, marketed agricultural produce from the Highlands and distributed imports required by settler farmers. Several of these firms had branches, agents or representatives in other urban centres of the Highlands such as Nakuru, Eldoret and Kitale. These centres, located as strategic railroad nodes in the Highlands, served primarily as regional entrepots for the collection and bulking of produce and the distribution of imports, as demonstrated by the pattern of railway traffic (Figs. 6.2 and 6.3).

THE PEASANT ENCLAVE MARKETING SUBSYSTEM

The lake basin peasant enclave in Uganda and Tanganyika had been in existence since the prewar period. Increased production in this enclave during the interwar period had been achieved as a result of

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[1]Examples of such firms are Dalgety and Mitchell Cotts.

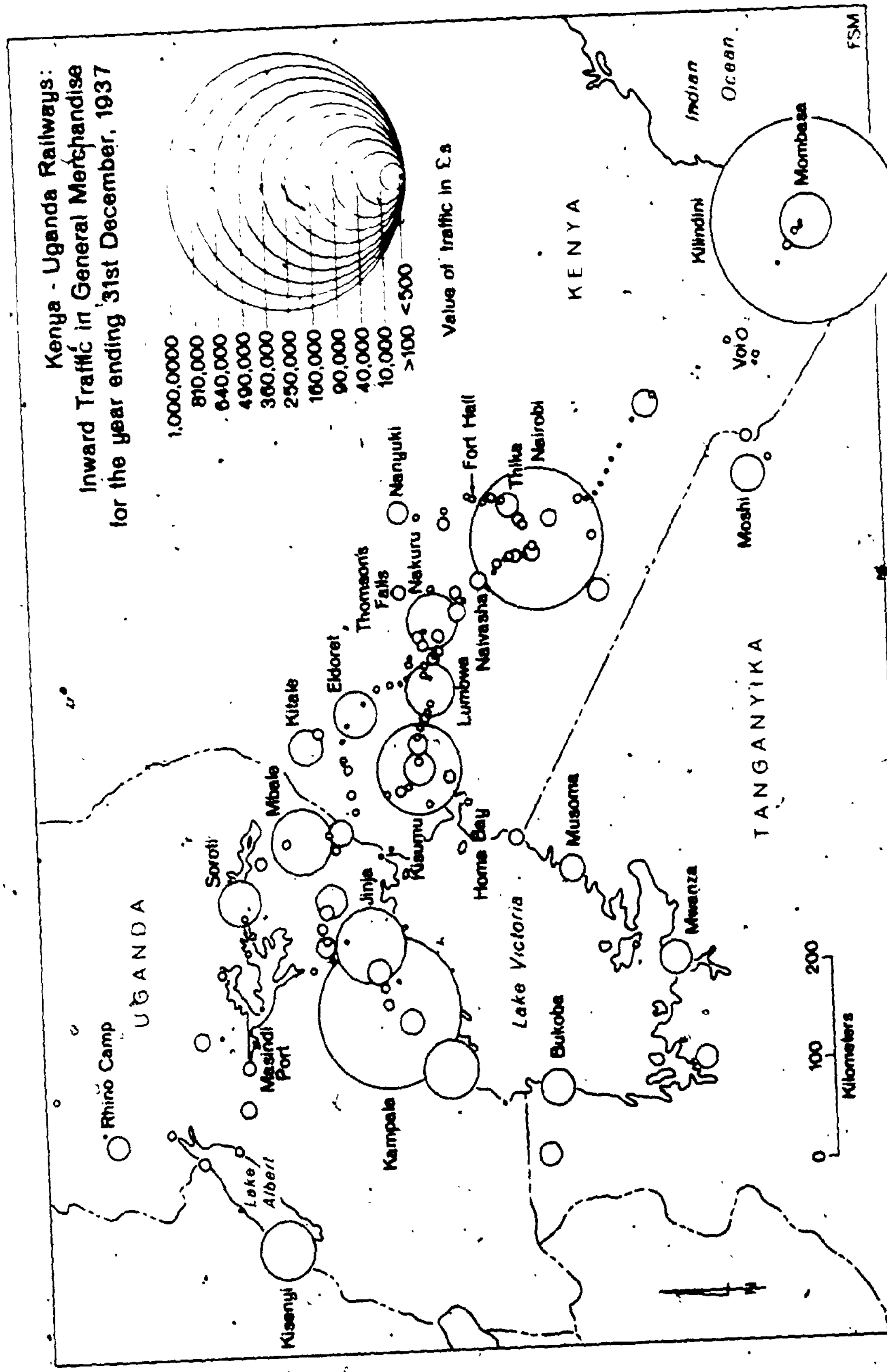
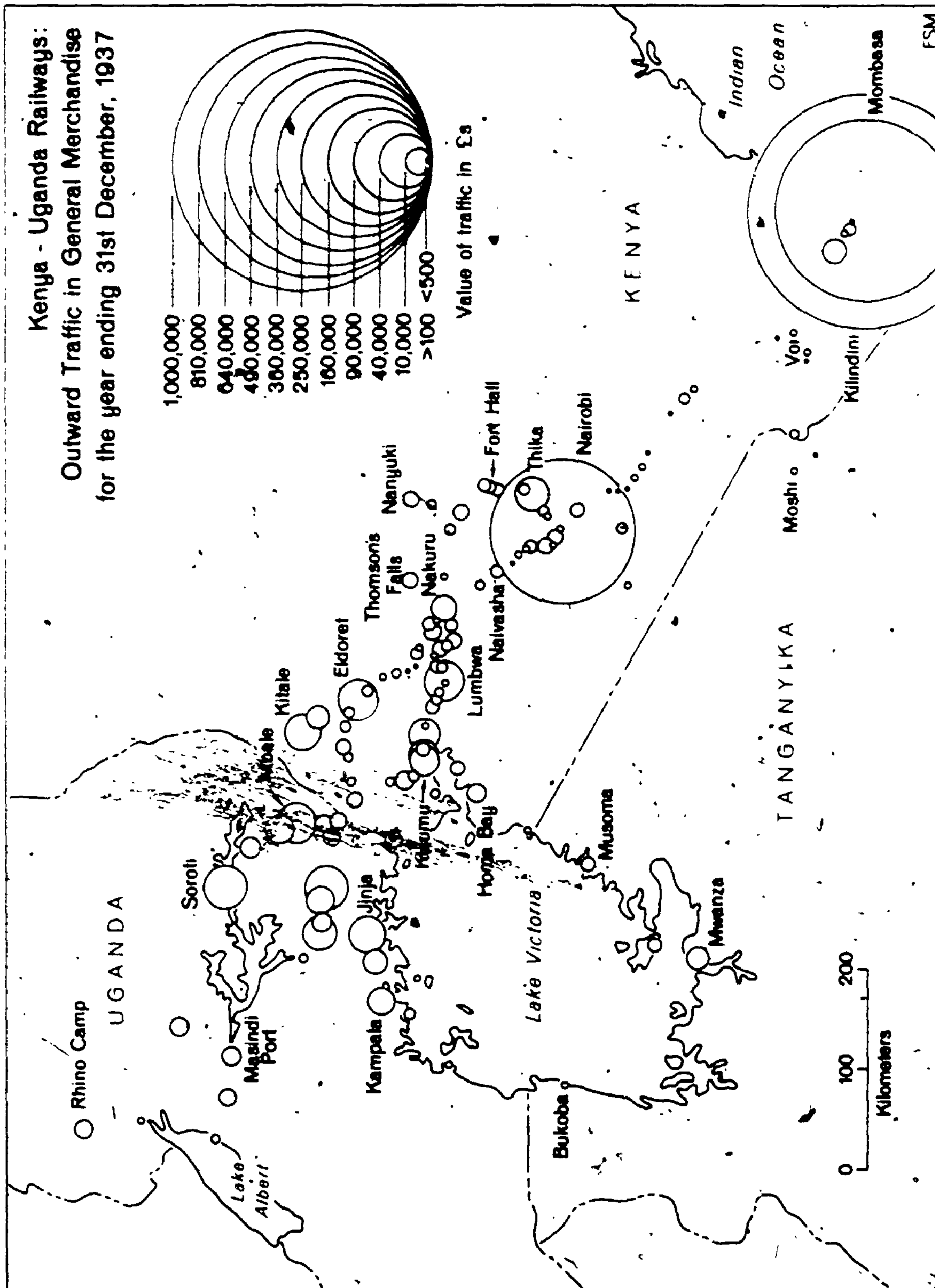

Kenya - Uganda Railways:
Inward Traffic in General Merchandise
for the year ending 31st December, 1937
1,000,0000
810,000
640,000
490,000
360,000
250,000
160,000
90,000
40,000
10,000
>100 <500
Value of traffic in £s
KENYA
UGANDA
TANGANYIKA
Indian
Ocean
Lake Victoria
Lake Albert
Mombasa
Kilindini
Voi
Moshi
Nairobi
Thika
Fort Hall
Nanyuki
Nakuru
Thomsons Falls
Naivasha
Lumbwa
Eldoret
Kitale
Mbale
Kisumu
Homa Bay
Musoma
Mwanza
Bukoba
Jinja
Soroti
Kampala
Masindi Port
Rhino Camp
Kisenyi
0
100
200
Kilometers
FSM
Source: Kenya - Uganda Railways and Harbours, Annual Report, 1937

Figure 6.2



Source, Kenya - Uganda Railways and Harbours, Annual Report, 1937

Figure 6.3

employment of larger quantities of land and labour on the peasants' small holdings with very little change in the traditional technology or other factors of production.[1] Hitherto, cotton had been the main export crop of Uganda. In 1923, as part of the drive for increased peasant production in Uganda, Africans were encouraged also to grow coffee, and consequently, exports of cotton and coffee from Uganda underwent a marked expansion (Table 6.4). In a similar manner, the Lake Province of Tanganyika had become a major exporter of coffee from the Bokoba region and of cotton from the Mwanza region. This province and the Kilimanjaro region constituted the two most productive areas in Tanganyika and produced the bulk of Tanganyika's cotton and coffee.

Expansion of long-distance trade based on the increased production in the lake basin enclave during the interwar period was reflected in increased railway traffic (Figs. 6.2 and 6.3). As in the past, the long-distance trade generated by this enclave was organized from Mombasa. The number of trading firms located at Mombasa and catering to this trade had grown considerably since 1914. During the interwar period, this trade had become increasingly centralized into the hands of a few large London based firms which had established branches in Mombasa since the 1920's.[2] The role of Indian firms at Mombasa which

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[1] C. C. Wrigley, Crops and Wealth in Uganda (Nairobi: Oxford University Press, 1970), p. 62; A. Seidmann, Comparative Development Strategies in East Africa (Na[illegible]bi: East African Publishing House, 1972), p. 18.

[2] Examples of such firms are Leslie and Anderson, and African Mercantile Company. Prior to this, firms such as Leslie and Anderson were not directly represented but had reciprocal arrangements with various Indian merchants in Mombasa to sell produce on their behalf and provide them with textiles.

at one time were prominent exporters of African produce and importers of cotton piece goods,[1] became more and more confined to acting as dealers for these European firms.

6.2.2 Organization of the Banking System

A similar bipolarized pattern of location on Nairobi and Mombasa developed in the commercial banking system. The number of commercial banks and their branches had increased since the National Bank of India (now known as the National and Grindlays Bank) first established a branch in East Africa in 1896 (Table 6.5). This was a British bank based in London and operating in India which had extended its interest to East Africa because of its Indian connection. The National Bank of India was soon followed by Barclays and by the Standard Bank of South Africa.[2] The latter, in spite of its name, was a British bank, based in London, but had developed a very considerable interest in South Africa before it extended its business to East Africa.

Branches of these banks in East Africa normally were established concurrently in Mombasa and Nairobi. Even though sub-branches were set up subsequently in other centres (Table 6.5), the expansion of banking facilities remained concentrated mainly in Mombasa and to a lesser extent Nairobi. This was a reflection of the main function that European commercial banks performed then in the development of colonial trade as exchange banks concentrating on the financing of external

[1]For instance, the firm of Valli Hasham Jamal and Company.

[2]Besides, there was the Chartered Bank of India, China and Australia which had opened a branch in Mombasa as early as 1897. Later on, it seems to have phased out as nothing was heard about it. The last bank to establish was the Bank of India Ltd.; it opened a branch at Mombasa around 1920.

trade. As the author of a history on the Standard Bank of South Africa has commented:

> ...although the establishments at Mombasa and Nairobi were dignified by the name of 'branches', they had been intended chiefly to act as intermediate links with Europe on the one hand and South Africa on the other. Their function was to be comparable with the Banks 'agencies' in Hamburg and New York, since they were meant to feed business into the 'branches' proper rather than to develop local business to the greatest extent possible.[1]

These banks provided credit, on the basis of funds derived from their London connections, for financing the collection and export of the local primary commodities and the distribution of imports of consumer goods.

With the exception of the London merchant banks, which undertook the financing and marketing of settler grown coffee in Kenya through their Nairobi based agencies (as will be discussed in Chapter VII), commercial banks in East Africa did not participate in financing the production of crops, considered to be too risky by the banks and entailing long-term investments. Because of this limitation, a government financed Land Bank was set up at Nairobi in 1931 with a capital of £500,000 largely in response to settler pressure. The objective of its establishment was to provide soft loans to settler producers in the White Highlands.

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Within the context of organization of long-distance trade in Kenya, therefore, an explanation for the bipolarization of entrepot

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[1] J. A. Henry, The First Hundred Years of the Standard Bank (London: Oxford University Press, 1963), p. 195.

function on Nairobi and Mombasa in terms of the threshold fulfilling criterion of Christaller becomes inappropriate. Distance minimization cannot be used as an argument to explain the growth of Nairobi as an entrepot city because, in effect, Mombasa's hinterland "lay" far beyond Nairobi and the White Highlands in the lake basin enclave in Uganda and Tanganyika. Instead, an alternative explanation has to be found, based on the particular organizational adaptations necessary for handling the long-distance trade characteristic of the peasant and settler enclaves in East Africa.

The organizational adaptations leading to bipolarization of the entrepot function in Kenya will be examined in the following section of this chapter with respect to the distributive trade in imported goods and, in Chapter VII, with respect to the marketing of agricultural produce.

6.3 Organization of Distributive Trade in Imports

During the interwar period, Kenya's distributive trade in imports was characterized by two types of wholesaling. First, there were the merchant middlemen who dealt in the cotton piece goods trade, a bulky and cheap line for which there was a massive and constant African peasant demand in East Africa. Distributive trade in other imported goods with a smaller and more fluctuating demand was carried out by a second group of intermediaries that had become characteristic of wholesaling in Kenya during that period, namely the import agents or agent middlemen (in contrast to merchant middlemen). In this section, an attempt is made to discern and explain the location of these two types of wholesaling.

6.3.1 The Merchant Middlemen

The location of merchant middlemen in Kenya was a reflection of the organization of trade in cotton piece goods. Three factors are of underlying importance in explaining the mode of organization of this trade: (1) the importance of tradition resulting from the pattern of commercial expansion over the East African hinterland and the associated pattern of commercial organization of firms; (2) the necessity to minimize uncertainty in being able to participate successfully and compete in this trade; and (3) the increasing customs unification of the three East African territories and the situation of Mombasa in relation to the transportation system of East Africa as a whole.

Mombasa was the chief centre for the distributive trade in cotton piece goods in East Africa. The foreign trading firms located at Mombasa imported the piece goods from Europe, the United States and, subsequently, also from Japan and supplied them to the Indian bazaar firms at Mombasa. The bazaar firms distributed them in the hinterland of Mombasa through the trading network of Indian firms which had been built up over the years for this purpose. As noted before, at Mombasa were also located the branches of European commercial banks which financed the import and distribution of cotton piece goods.

Cotton piece goods still maintained their leading position among the imports of Kenya and Uganda during the 1930's (Table 6.6). Over 80 percent of these imports were consumed by the African population, especially in Uganda. Even though the relative importance of cotton piece goods in the expanding volume of import trade was on the decline, trade in this commodity had undergone a substantial expansion since the prewar years (Table 6.6). Equally important is the fact that the composition and type of cotton piece goods imported were also changing (Table 6.7), the unbleached sheetings giving way to better quality and greater varieties. This was an indication of the increasing purchasing power of the African farmers in the lake basin hinterland of Mombasa where the production of cotton and coffee had undergone substantial expansion after 1920.

In response to the trade expansion in cotton piece goods, the number of foreign trading and Indian bazaar firms at Mombasa had also increased (Appendix B). As noted in the previous chapter, import trade in cotton piece goods during the prewar period had been largely handled by non-British European firms located at Mombasa, which also handled the export of African produce such as coffee and which were able to finance Indian traders through liberal credit terms on cotton piece goods. During the early part of the interwar period, British firms made a definite bid for this lucrative trade,[1] while the German firms in Kenya, which had been forced to close down during the War, reopened under privileges granted in the Congo Basin Treaties.[2] But even more important, Japan also entered under the aegis of these Treaties, as a

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[1]Federation of British Industries, Report on Trade Conditions and Prospects, Industries and Development in the East Africa Protectorate (now known as Kenya Colony), by C. W. Francis Harrison, 1919. The report criticized the inability of British firms to compete on the East African market, being not prepared to adapt their goods, designs, etc. to suit local conditions, unlike the German and Japanese firms.

[2]The British and allied firms (such as the American firm of Childs and Joseph) at Mombasa were strongly against them being allowed to make a comeback. Economic Commission, Final Report, Part I and Evidence, 1919 (Nairobi: Government Printer, 1919). Evidence presented by witnesses, Numbers 32, 34, 36, 39, 41 and 42.

formidable competitor in the cotton piece goods market.[1] The result was intense competition among the foreign trading firms for a share of this market.

In order to understand the organization of the cotton piece goods trade, the location and form of the competition among the firms involved become an important input. Competition among these firms was carried out by locating at Mombasa and took the form of establishing connections with Mombasa bazaar firms by means of relaxed credit terms and the cutting of buying commissions. The necessity on the part of the overkeen seller to protect his outstanding credit by repeat business with the buyer (i.e., the bazaar firm) and the tendency on the part of the latter to insist on similar long-term credit in respect of repeat orders led to the establishment of sustained mutual dependence between the importer and the bazaar firm. It is significant that increased competition did not lead any of the newly arrived competitors among the foreign trading firms to bypass the Mombasa bazaar and to locate at one of the inland regional entrepots such as Kampala, Jinja or Kisumu in the lake basin enclave. Two factors help to explain the location behavior of these trading firms: (1) the already existing agglomeration at Mombasa of Indian firms, collectively known as the bazaar, conducting long-distance trade; and (2) the need for information on the part of foreign trading firms about these bazaar firms in order to minimize uncertainty and be able to compete with already established importers.

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[1]The Congo Basin Treaties, agreed on in the Brussels Act of 1890 and in the Berlin Act of 1895, and renewed subsequently after the First World War, ensued equal conditions for commerce among the signatory powers in a wide area of East and Central Africa.

The function of the Mombasa bazaar as the organizing node for long-distance trade generated by the lake basin enclave had developed chiefly in response to the pattern of commercial expansion over the East African interior since the 1890's and the associated pattern of commercial organization of firms. Thus, Mombasa bazaar firms were the main buyers of produce from the lake basin enclave for subsequent export and, in turn, supplied all the trade goods to the lake basin through their branches, agents or clients, as discussed in the previous chapter. Their interests lay mainly in long-distance trade as noted by a contemporary observer:

> The merchants of Mombasa appear for the main part to finance others or to be the agents of others and so far do not show much inclination to go into the coast matters for themselves. Perhaps the coast trade may not be worth their while.[1]

The Mombasa bazaar had emerged as the key nexus in the organizational system that had been built up in East Africa for long-distance trade catering to an African market.

For any foreign trading firm, planning to take part in this trade, face-to-face contact with Mombasa bazaar firms was imperative. The need for this personal contact arose out of the need for information on the bazaar firms before any business could be successfully transacted between them. Since credit was the basis of establishing and maintaining commercial ties between the trading firms and individual bazaar firms, it was essential that both the foreign trading firm which supplied the trade goods as well as the commercial bank which financed this transaction had intimate knowledge about individual

[1]Memorandum on Coast Trade by Senior Commissioner, Coast to the Chief Native Commissioner, Nairobi dated 11th May, 1923. Kenya National Archives, File No. Coast 56/1525, Vol. I.

bazaar firms through direct representation at Mombasa. It is also for this reason that European commercial banks represented in East Africa had always employed Asian brokers as a means of getting information about the credit worthiness of bazaar firms.

The need for information was further signified by the instability generally characteristic of Indian firms in East Africa at that time, a fact which was reflected in high rates of interest charged by the commercial banks. Virtually none of the important Indian firms in Zanzibar during the 1870's, such as Taria Topan and Jairam Sewji, survived into the 20th century, and even the legendary firm of Allidina Visram, "the King of Uganda," was well past its zenith after the first two decades of the present century. This instability was partly due to the speculative and competitive nature of long-distance trade then prevalent in East Africa, resulting periodically in over-trading and consequent bankruptcy. But an equally important cause of instability among Asian firms was associated with the ownership and management pattern characteristic of such bazaar firms. Irrespective of size, they were invariably family concerns. Disagreements among heirs after the death of the founder led to mismanagement and the eventual demise of some of these business concerns. Another cause of mismanagement was the fact that some of these firms tended to rely on oral transactions and failed to keep up-to-date written records of their dealings.

Aside from the need for personal contact by the foreign trading firms with Mombasa bazaar firms, of equal importance was the need for personal contact by bazaar firms among themselves. This need arose from the very nature of long-distance trade in which these firms were involved. Location at Mombasa was inevitable for any new arrivals wishing to take part in this trade if they were to avail themselves of credit facilities given by the commercial banks in association with foreign trading firms. For the bazaar firms in negotiating terms of purchase of trade goods or sale of produce, direct personal contact with these trading firms and banks was more important than personal contact with their clients in the hinterland. The latter contacts, as has been shown earlier, could be routinized because of the kinship and communal network on which long-distance transactions were based, and the fact that these transactions were periodic.

Within Mombasa, personal contact among bazaar firms further provided a significant asset in the acquisition of information about markets, prices and business opportunities. Such non-routine information could only be transmitted through face-to-face exposure. This information was of particular importance to a bazaar firm, since it was particularly susceptible to uncertainty; its entire success or failure depended upon the ability of its owners to appraise the easily changing non-lcoal demand and supply conditions. This factor explains the gregarious character of the Mombasa bazaar located in the "Old Town". Even though the foreign trading firms in Mombasa have gradually migrated from the old part of the town to more spacious quarters near the Kilindini Harbour in the new part of the town, the bazaar firms in Mombasa are to a large extent still located in the "Old Town".

The entrepot role of Mombasa as an import distributing centre for the merchant middlemen in East Africa was further enhanced during the interwar period by the increasing customs unification of the three mainland East African territories and the situation of Mombasa in relation to the transportation system of East Africa as a whole. By the 1930's, East Africa (Kenya, Uganda, Tanganyika and Zanzibar) had become definitely segmented into "spheres of distribution", based on the pattern of railway development and consisting of: (a) Mombasa with its hinterland of Kenya, Uganda and the lake basin of Tanganyika aligned along the Kenya-Uganda railway; (b) Dar es-Salaam covering the teritory served by the Central Tanganyika railway and a few subsidiary ports in Tanganyika such as Tanga and Matwara; and (c) the island of Zanzibar including Pemba Island (Fig. 3.2). Mombasa's relative position within this broad regional framework, combined with the local organization and structure of commercial firms and financial institutions, expanded the mercantile intermediary function located at Mombasa.

The removal in 1917-18 of all customs barriers between Uganda and Kenya was of "very considerable value as a means of fostering trade."[1] Until that time, most of Uganda's import trade had passed via Kenya, either in transit or through the intermediate market in Mombasa. After 1917, as Table 6.8 demonstrates, there was an increasing tendency for Kampala and Jinja merchants to restock from Mombasa rather than to import directly from abroad. To be able to draw on the stocks of Mombasa firms was a distinct advantage in terms of convenience and stability for Kampala and Jinja firms since it eliminated the necessity of indenting through Mombasa importers. The seasonally

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[1] Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1924.

fluctuating demand for cotton piece goods and possible over-trading resulting from poor crop seasons thus were no longer factors that could seriously endanger these firms, as had been the case to some extent in the past. The advantage of drawing on Mombasa was demonstrated very soon, for it was reported that such a practice led to "a far better tone in the bazaar conditions" both in Mombasa and Uganda.[1] Mombasa's role gradually came to be confined more and more to acting as an importing centre and as a storehouse on which the up-country firms could draw during periods of excessive demand for cotton piece goods.[2]

The Kenya-Uganda customs union was gradually extended to Tanganyika after 1923. Prior to that time, all domestic produce of Tanganyika exported through the port of Mombasa had either to pass as transit exports or to pay duty. In June 1923, a modified system of inter-territorial trade was introduced under which domestic produce of Tanganyika was admitted into Kenya and Uganda free of duty.[3] The principle of "free trade" with Tanganyika was further extended to cover inter-territorial movement of imported goods among the three

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[1]Department of Overseas Trade, Report on the Trade and Commerce of East Africa to September 1925 (London: HMSO, 1925). Thus, for instance, in 1927, because of the good cotton crop, Uganda retailers in the outlying centres called on "Kampala and Jinja wholesalers who in turn made hurried recourse to Mombasa." Department of Overseas Trade, Report on Trade and Commerce of East Africa to September 1928 (London: HMSO, 1928).

[2]Coast Province, Annual Report, 1934. Department of Overseas Trade, Report on Trade and Commerce of East Africa to September 1928 (London: HMSO, 1928).

[3]Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1924.

East African territories. The introduction of the system of single duty payment in August 1925 greatly helped to facilitate this traffic.[1] Previously, the greatest drawback to this trade was in case of transfer of imported goods from open broken-bulk stocks or of time-expired goods from Mombasa to Tanganyika. A double duty had to be paid at the time of entry of such imported goods into Tanganyika without the possibility of obtaining a refund of the duty already paid at the time of original importation at Mombasa. A full refund of duty was allowed only in the case of duty paid on goods subsequently re-exported in original packages.

The advantages resulting from the further lowering of customs barriers were demonstrated soon in terms of increasing inter-territorial trade. Apart from avoiding the necessity of double payment of duty, merchants, many of whom had branches in two or more territories, were now able to transfer their stocks freely to meet seasonal requirements in any one of the three territories. The new arrangements rendered the consequences of overstocking in a particular district considerably less serious, and it was now possible for "supplies of imported goods [to be] drawn from the natural stocking points in distributing spheres."[2] The entire East African basis of trading in imported goods, particularly cotton piece goods, was thereby improved.[3] A typical example relates to a situation in 1927 when due to widespread crop failures and poor

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[1] Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1926.

[2] Department of Overseas Trade, Report on the Trade and Commerce of East Africa to September 1925 (London: HMSO, 1925).

[3] Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1927.

market conditions in East Africa, the reduced purchasing power of the African population "caused severe losses to merchants engaged in native trade and particularly to [Mombasa] importers allowing long credit terms."[1] However, "the market as a whole proved surprisingly resilient and a gradual recovery attended by absorption of accumulated stock" at Mombasa took place. The resultant stimulus to the growth of Mombasa's entrepot trade with Tanganyika since 1927 is clear (Table 6.9).

The entrepot role of Mombasa was thus of considerable and continually growing importance. The geographical situation of Mombasa in relation to neighbouring territories and the general facilities available were favourable to the holding of stocks of imported goods, either in bond (Table 6.10) or duty paid, for resale in neighbouring territories. Out of a total of £357,549 worth of goods in Mombasa's bonded warehouses in 1928, £66,554 were cotton piece goods.[2] For most of the interwar period, only the government maintained a bonded warehouse at Nairobi (Table 6.10); Nairobi firms had shown no interest in private bonded warehouse privileges since the opening of the Nairobi customs station in November, 1920.[3] This indicates that, from the viewpoint of merchant midelemen, the entrepot role of Mombasa was of a far greater significance than that of Nairobi. Thus, in 1937, for instance, more than one-fifth of Tanganyika's trade imports, worth over £4 million,

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[1] Ibid.

[2] Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1928.

[3] Annual Trade Report of Kenya and Uganda for the year ended 31st December, 1924.

passed through Mombasa either in direct transit, or as re-exports from duty paid or bonded stocks. Expansion of the inter-territorial network of mercantile trade in East Africa since the 1920's was reflected in increasing unification of the commercial legislation of the three East African territories, particularly relating to company law, bankruptcy law, patents and trade marks.[1] Further, the formation of the East African Currency Board in 1920, provided a unified currency for the whole region.[2]

6.3.2 The Agent Middlemen

Whereas wholesale trade in cotton piece goods was heavily concentrated in Mombasa and carried out by a number of relatively large merchant firms, wholesaling in other lines of imported goods was carried out, to a large degree, by what were essentially small agent firms in Mombasa and Nairobi. These firms combined the function of importing and wholesaling with retailing. It was for this reason that, as indicated earlier, a large number (496) of firms of Kenya were licenced as retail combined with import trade (Type C licence in Table 6.1).

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[1] The necessity for unification of commercial legislation within the three territories, since many firms had branches in two or more territories, had been obvious for a long time.

[2] Indian rupee and its subsidiary coin had hitherto been the customary standard coin until 1919. This monetary system served well during the early years of British rule when the Indian Ocean connections in trade were very important. After the First World War, expansion of settler agriculture, and fluctuations in the value of silver proved inconvenient for trade of the area, bulk of which now was with Europe and America. As a result, a local currency based on sterling, replaced the rupee. Monetary Systems of the Colonies, Reprint of articles from the Banker between July 1948 and February 1949.

. The usual practice was for local retailers to place their indents either through local merchant houses in Mombasa or Nairobi who were prepared to finance the business locally, or through buying agents and resident representatives of overseas confirming houses.[1] Agent midelemen, dealing in small lots, became a vital element in this system of trade. Under such a system, it was impossible to bulk these small orders into wholesale lots, and as one contemporary observer remarked:

> In such lines of manufacturing, the [British] supplier cannot at present look for individual orders of the magnitude that he commonly receives from the typical wholesale warehouse of the City of London or of the much more important markets of the Dominions.[2]

That this remained a persistent feature of East African trade is demonstrated by the fact that even during the 1950's, although there had been some increase in straight wholesale business in Nairobi and Mombasa in items other than cotton piece goods, wholesaling remained conspicuous by its absence in many branches of trade. In fact, the situation had become even more extreme with representations held by some firms running into several hundreds, even in the case of comparatively small one-man agency businesses.[3]

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[1] C. Kemp, "British Trade Openings in East Africa," in F. S. Joelson (ed.), Eastern Africa Today and Tomorrow (London: HMSO, 1934), p. 17. Other observers also made similar comments. For instance, Department of Overseas Trade, Report on Economic and Commercial Conditions in British East Africa, April 1936-June 1937 (hitherto titled as Economic Conditions in East Africa and in Northern Rhodesia and Nyasaland) (London: HMSO, 1937).

[2] Kemp, "British Trade Openings in East Africa," op. cit., p. 18.

[3] Department of Overseas Trade, Report on Economic and Commercial Conditions in British East Africa (London: HMSO, 1953).

It was largely on account of the agent middlemen that Nairobi acquired its entrepot function associated with the distributive trade in imports during the interwar period. The location of this intermediary activity at Nairobi was to a large extent a function of the nature of information inputs required to cater to this distributive trade. Because of the highly commercialized nature of settler farming on a large scale and the standard of living the settlers were accustomed to, the aggregate demand by this small community (Fig. 6.4) for imports consisting of consumer goods and farm machinery was relatively high and specialized. A section of Kenya's European settlers, who were members of the British nobility and gentry, were more like resident tourists dependent upon private incomes from Britain. Their "object was not so much to make money as to spend it...."[1] Besides this, the political and administrative role of Nairobi as the national capital also generated a substantial demand for specialized imports.[2]

The servicing of such a specialized settler demand for imports required high information inputs. The need for this information derived from the high degree of uncertainty involved in this new trade. Unlike the merchant middlemen in Mombasa whose ties with their clients tended to be routine, agents needed to be in much closer and constant touch with retailers in order to be able to detect with sufficient accuracy the likely demand for a large variety of trade goods and pass on this

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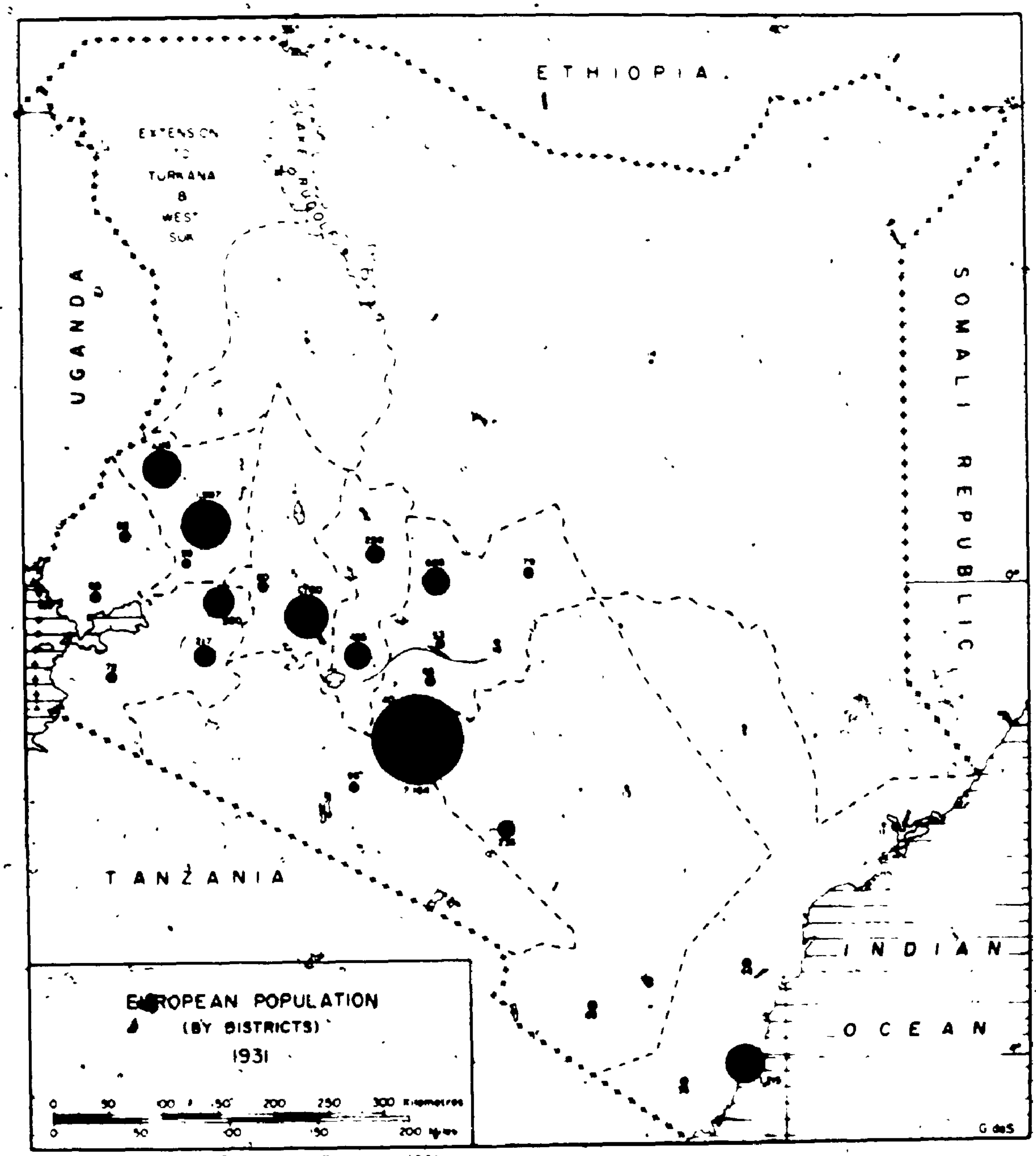
[1]C. C. Wrigley, "Kenya: The Patterns of Economic Life, 1902-45," in V. Harlow and E. M. Chilver (eds.), History of East Africa (Oxford: Clarendon Press, 1965), Vol. II, p. 217.

[2]The total European population of Nairobi during the 1931 census was 16,812.



Source: Kenya, Census of Non Native Population 1931

Figure 6.4

information to manufacturers or suppliers of these goods abroad. In a sense, this was the main function performed by the agents as intermediaries; the reward was normally a percentage commission based on the amount of business obtained for the suppliers. Information regarding a new type of demand was not as readily available at Mombasa as at Nairobi. Nairobi had already emerged as the political and social capital of the settler colony.

Mombasa's mercantile community, as has been already shown, was largely concerned with catering to an African peasant market in the lake basin enclave. Moreover, to a certain extent, cultural factors also prevented the communication of such information to Mombasa. The European settlers in the Kenya Highlands looked down with disdain on Mombasa firms and their preoccupation with African trade. The settlers assumed that Kenya would eventually become a self-governing dominion like Canada and Australia with Nairobi as the economic and political capital of this most northerly bastion of white rule in Africa.

Many of the Nairobi firms were relatively small, and the popular mode of trade was the system of direct indenting by numerous petty importers and wholesalers many of whom also combined the function of retailing. Such a pattern of direct importing by small up-country firms had been facilitated by the policy of "distribution rates" for import traffic on the Kenya-Uganda railway. This rating policy enabled up-country importers/wholesalers to split bulk parcels and to re-rail them at favourable rates, a concession designed to be of particular benefit to the settlers. Consequently, Highland centres, particularly Nairobi and Nakuru occupying nodal positions on the railway, benefitted most from this policy. During the 1920-30's, this had led to considerable capital investments by up-country firms for extensive storage sheds at Nairobi to facilitate the distribution trade.[1] Even though the special "distribution rates" incurred a distinct financial loss to the railway, the Nairobi and Nakuru chambers of commerce, dominated by settler commercial and agrarian interests, justified such a rate policy on the grounds that Mombasa was climatically unsuited for storage of certain import items such as tires and the fact that an abolition of these special rates would depress trade in Nairobi and Nakuru.[2]

Over a period of time, the hinterlands of Mombasa and Nairobi did not remain individually distinct and exclusive but became gradually overlapping. While there was a proliferation of agency firms in Kenya, few of them were able to specialize in limited fields of commercial interest, mainly because of the extensive area of the East African territories, the relatively limited market for imported goods (except cotton piece goods) and because of the relatively high cost of transportation. It became customary, and in fact necessary, for firms to hold a considerable number of representations covering a wide range of goods and to insist on franchises for the whole of East Africa. Located mainly in Mombasa or Nairobi, they covered the entire East

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[1] Mombasa Times, 25/7/1933.

[2] Mombasa Times, 25/7/1933 and 22/7/1933. Temporary abolition of "distribution rates" during the Depression years, in fact, did lead to a commercial recession in Nakuru; a good deal of wholesale trade reverted to Mombasa and a number of up-country firms doing import business were obliged to open branches there. Coast Province, Annual Report, 1933. Department of Overseas Trade, Economic Conditions in East Africa and in Northern Rhodesia and Nyasaland 1930-32 (hitherto titled as Report on Trade and Commerce of East Africa) (London: HMSO, 1932). Kenya Weekly News, 17/11/1933.

African market either by branches, through subagents or by periodic travelling from headquarters.[1] Hence, whereas there had been initially a recognizable limitation of the hinterlands and major market areas of Mombasa and Nairobi, the organization and the trading practices of the agent middlemen gradually integrated these two hinterlands into a common market area for both Mombasa and Nairobi.

Firms in both Uganda (Kampala and Jinja) and Tanganyika (Dar es-Salaam and Tanga) saw with a certain amount of apprehension the concentration of agencies in the hands of Nairobi and Mombasa firms. They contended that even those Kenya firms having branches in their respective territories often failed to secure adequate supplies to meet their needs.[2] However, even later, during the 1950's, Uganda and Tanganyika did not possess a sufficient number of suitable firms or an adequate market to warrant many local franchises, and only a few firms in either of these two territories had organizations enabling them to handle satisfactorily agencies for the larger market of East Africa. On the other hand, location of this function at Nairobi was facilitated because of its already acquired importance as the organizing node for the settler enclave and because of its nodal position on the emerging East African transportation network (Fig. 3.2).

[1]In a number of instances, Nairobi and Mombasa firms had franchises covering the Belgian Congo, Ethiopia and Somalia and in some cases, Rhodesia and Nyasaland. On the other hand, a number of South African and Rhodesian firms had franchises covering the three East African territories, in some instances, via subagents in Nairobi.

[2]Such a claim might have been justified since insignificant travelling was done by many representatives, while many branches were not well organized, especially in cases of coverage by Indian subagents in Uganda and Tanganyika.

The situation in Kenya where a forward projection of the wholesaling function from Mombasa to Nairobi took place is somewhat analagous to the locational behavior of financial intermediaries, particularly those dealing with mining finance.[1] The high degree of uncertainty involved in financing new small-unit mining communities and the considerable amount of information required to reduce this uncertainty leads most financial intermediaries to locate in nearby new centres rather than in distantly placed traditional centres.[2] Since traditional centres have insufficient information on new and very specialized fields requiring large amounts of information, Nairobi emerged as a new centre for the location of agent middlemen rather than the traditional wholesaling centre of Mombasa.

6.3.3 Further Decline of Zanzibar as an Import Distributing Centre

By the end of the interwar period, Mombasa and subsequently Nairobi had usurped most of the former entrepot role of Zanzibar as a distributing centre for East Africa. Being without direct access to the mainland railway and communication network and having been left out of the emerging mainland customs union, Zanzibar's traditional and dominating position declined markedly. The Report of the Department of Overseas Trade commented in 1926 that,

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[1] Code, op. cit.

[2] Ibid., pp. 247-276. Thus in Canada, Toronto's superior environment for acquiring mining information during the pre-1850 era of slow and unpredictable communication coupled with the support of the separate Governments of Upper Canada then, was a major factor behind the growth of Toronto's financial community in face of the traditional financial centre at Montreal.

> In the face of a declining re-export trade, the economic situation in Zanzibar cannot be regarded with any degree of confidence, and the opinion seems to be growing that it will continue until Zanzibar joins the mainland currency and customs systems when it would secure the support of the growing stability of 'extended' home market.[1]

However, only two years later, the same Department commented that

> Commercially speaking, Zanzibar is at last finding its level, realising that much of its old entrepot business is lost, and until there is some development of its economic relationship to the mainland territories, its horizon is practically bounded by its geographical limits.[2]

Zanzibar's entrepot function declined as Mombasa's grew (Table 6.11). A major factor was Zanzibar's failure to develop a significant economic relationship with the mainland territories. The result of such a decline was that there was now a distinct tendency on the part of Zanzibar firms not to over-trade, reflecting a greater caution in conducting import business and a movement in the direction of conservative estimates of seasonal requirements for cotton piece goods in the hinterland market. Zanzibar now drew on Mombasa firms to satisfy occasional excess of demands. Resulting from this decline, there were probably too many traders operating in Zanzibar in relation to the volume of trade available, and consequently, the import trade was conducted in much smaller individual lots than hitherto.

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[1]Department of Overseas Trade, Report on Trade and Commerce of East Africa to September 1926 (London: HMSO, 1926).

[2]Department of Overseas Trade, Report on Trade and Commerce of East Africa to September 1928 (London: HMSO, 1928).

6.4 Resumé

Facts of wholesaling, when related to the distributive import trade in Kenya, reveal a pattern of location and urban development significantly different from the prediction of the conventional central place theory.

With respect to the organization of long-distance trade in piece goods, the most important factor leading to further agglomeration at Mombasa of firms dealing in this trade during the interwar period was the superior availability of information regarding the market and distributive channels for cotton piece goods in the lake basin enclave. Availability of this information was necessary in order to minimize uncertainty associated with this trade, since it catered to a mass African peasant demand susceptible to seasonal fluctuations and since it was financed by commercial banks on the basis of liberal credit terms. The port city of Mombasa had acquired such an information superiority largely on account of the organization of commercial of firms associated with the pattern of commercial expansion over the East African mainland during the early 20th century. This superiority was further enhanced by the situation of Mombasa in relation to the transportation and communication system of East Africa as a whole, and by the increasing customs unification of the three mainland East African territories. Despite the increasing competition of this rapidly expanding trade, new firms chose to locate at Mombasa rather than at any of the interior centres.

On the other hand, a forward projection of the intermediary function related to trade in imports besides cotton piece goods took place from Mombasa to Nairobi. Consequently, a bipolarized location of intermediary activities on the two nodes of Mombasa and Nairobi emerged in Kenya during the interwar period. Such a forward projection of wholesale trade from Mombasa to Nairobi cannot be explained in terms of the process of threshold fulfillment because Mombasa's hinterland in the lake basin enclave lay far beyond Nairobi and the White Highlands. Rather, it was the nature of information inputs required to cater to the distributive trade in specialized imports demanded in the newly developed settler enclave and the inability of Mombasa to provide this information.[1] Hence, Mombasa provided limited location incentives to firms catering to this trade. Moreover, due to settler pressure, the railway policy of special "distribution rates" had facilitated the growth of this function at Nairobi which occupied a nodal position in the Highland enclave. Some of the Nairobi agency firms also had franchises from overseas suppliers covering the wider East African market. Hence, the trading hinterlands of Nairobi and Mombasa tended to become increasingly overlapping in terms of functions performed by agent middlemen.

TABLE 6.1

Number of Licences Taken Out During 1934 Under the Trade Licensing Ordinance No. XLI of 1933 and the Amounts (in Pound Sterling) Received as Licence Fees

	Type of Licence	Number of Licences	Amount
A	600/ = Wholesale including Import	167	4,822
A	300/ = Wholesale Branch	89	1,305
B	300/ = Wholesale only	52	713
C	450/ = Retail including Import	496	10,960
C	30/ = Retail only	3,933	5,495
D	4,000/ = Banker	3	600
D	500/ = Banker Branch	14	350
E	1,000/ = Shipping Company	9	425
F	300/ = Commercial Traveller	5	75
G	500/ = Turf Account	7	167
H	600/ = Manufacturer	6	180
I	4,000/ = Oil Company	4	800
J	200/ = Insurance, Life	11	105
	200/ = Insurance, Fire	32	320
	100/ = Insurance, Marine	6	50
	200/ = Insurance, Accident	25	245
	500/ = Insurance, General	16	400
K	4,000/ = Electric Light Company	1	200
	500/ = Electric Light Company	3	75
L	150/ = Boarding House	21	149
M	300/ = Assayer	1	15
N	600/ = Exchange Banker	1	30
O	300/ = Manufacturers Agent	65	778
P	100/ = Any other Business	321	1,378
Q	300/ = Professional	154	2,131
		5,442	31,094
	Hawkers	513	257
	Transfers & Duplicates	42	10
	1933	91	197
	TOTAL	6,088	31,158

SOURCE: KLC, Debates, 1934, p. 543. Extract from Revenue Office Records at 30th September 1934.

TABLE 6.2

Branching Patterns of Nairobi and Mombasa Based Firms in 1936

	Number of Branches of Nairobi Based Firms in		Number of Branches of Mombasa Based Firms in	
I. THE SETTLER ENCLAVE				
Eldoret	8		Eldoret	0
Nakuru	6		Nakuru	1
Kitale	4		Kitale	0
Arusha	4		Arusha	0
Moshi	3		Moshi	1
TOTAL	25		TOTAL	2
II. THE PEASANT ENCLAVE				
Jinja/Kampala	3		Jinja/Kampala	19
Lindi/Mbale	0		Lindi/Mbale	5
Bukoba/Mwanza	1		Bukoba/Mwanza	5
Kisumu	2		Kisumu	4
TOTAL	6		TOTAL	33
III. OTHERS				
Mombasa	15		Nairobi	16
Dar es-Salaam	7		Dar es-Salaam	12
Tanga	4		Tanga	9
Zanzibar	1		Zanzibar	9
Lamu	0		Lamu	1

SOURCES: A. MacMillan, Eastern Africa and Rhodesia, Historical and Descriptive Commercial and Industrial Facts, Figures and Resources (London: Collingridge Ltd., 1930); Kenya, Uganda, Tanganyika and Zanzibar Directory, Trade and Commercial Index, 1936, compiled and published by the E. African Directory Company, Nairobi, 1936; newspaper advertisements.

TABLE 6.3

Kenya: Export Commodities as Percentage of Total Domestic Exports (in Value Terms)

	1913	1923	1932
From European Settler Areas			
Coffee	3	32	53
Sisal	2	15	8
Sodium Carbonate	-	9	8
Tea	-	-	1
Gold Bullion	-	-	3
Dairy Products	-	-	2
Sugar	-	-	1
SUB-TOTAL	5	56	76
From African Areas			
Hides and Skins	21	8	5
Wattle Bark etc.	-	-	4
Raw Cotton	3	0	0
SUB-TOTAL	24	8	9
From Both Areas			
Maize	13	16	5
Miscellaneous	58	20	10
SUB-TOTAL	71	36	15
TOTAL	100	100	100

SOURCE: Report of the Commission Appointed to Enquire into and Report on the Financial Position and System of Taxation in Kenya (London: HMSO, 1936), Appendix A.

TABLE 6.4

Uganda Exports of Cotton and Coffee (in Pound Sterling): 1919 to 1938

(a) Cotton Exports

Year	Value (£000)
1919-1920	3,779
1924-1925	4,686
1928-1929	3,313
1934-1935	2,823
1936-1937	4,269
1937-1938	3,428

(b) Coffee Exports

Year	Value (£000)
1928	164
1929	177
1932	223
1935	231
1937	420

SOURCE: C. C. Wrigley, Crops and Wealth in Uganda (Nairobi: Oxford University Press, 1970), pp. 47, 49 and 61.

TABLE 6.5

Growth of the Commercial Banking System

	Number of Banks			
	1897	1915	1922	1938
Mombasa	2	2	4	4
Nairobi	-	2	3	3
Kisumu	-	1	-	3
Nakuru	-	1	1	3
Eldoret	-	1	2	3
Nanyuki	-	-	-	1
Nyeri	-	-	1	1
Kitale	-	-	-	2
Kakamega	-	-	-	2
Dar es-Salaam	-	-	1	1
Kampala	-	-	1	1
Number of Banks	2	2	4	4

SOURCE: Same as Tables 5.12, 5.13 and Appendix B.

TABLE 6.6

Kenya/Uganda Imports of Cotton Piece Goods
(in Pound Sterling): 1904 to 1939

Year	Value	% of Total Imports
1904-1905	148,588	28
1908-1909	207,545	26
1910-1911	261,141	26
1911-1912	394,715	31
1912-1913	522,331	29
1913-1914	570,598	26
1917-1918	950,608	34
1920	1,015,117	20
1921	538,577	23
1925	1,640,504	20
1926	1,082,880	15
1927	1,126,113	14.6
1928	1,315,505	15.12
1933	745,320	15.21
1934	797,854	13.98
1936	952,236	13
1937	1,292,151	11.3
1938	982,028	10
1939	884,663	10

SOURCE: Annual Trade Reports of the East Africa Protectorate and Annual Trade Reports of Kenya and Uganda.

TABLE 6.7

Kenya/Uganda Composition of Textile Imports
(in Pound Sterling): 1913 to 1937

	1913/1914		1926		1937	
	Value	%	Value	%	Value	%
Unbleached	278,343	51	323,127	30	274,347	21
Bleached	83,648	16	86,555	8	84,751	7
Printed	48,604	7	92,310	8	186,449	14
Dyed	86,610	14	193,722	18	314,343	24
Coloured	73,393	12	213,798	20	252,444	20
Cotton Blankets			173,368	16	179,317	14
TOTAL	570,598	100	1,082,880	100	1,291,651	100

SOURCE: Same as Table 6.6.

TABLE 6.8

Channels of Introduction into Uganda of Trade Goods (in Pound Sterling) Imported for Consumption in that Territory for the Years 1928 and 1937

		1928	1937
I.	Direct imports from overseas		
	(a) By clearances from bonded warehouses in Uganda	374,357	374,797
	(b) By overseas parcel post	101,467	75,267
II.	By transfers from stocks cleared in Kenya for consumption		
	(a) Merchandise sent by rail, road or lake	1,446,109	2,316,567
	(b) Local parcel post	13,453	7,432.
III.	By transfers from stocks cleared in Tanganyika for consumption		
	(a) Imported merchandise	4,724	9,045
	(b) Imports of produce of Tanganyika	47,994	44,537
		1,988,104	2,827,645

SOURCE: Annual Trade Reports of Kenya and Uganda.

TABLE 6.9

Kenya/Uganda Re-export Trade
(in Pound Sterling): 1909 to 1937

Year	Value	% of Trade Imports
1909-1910	33,600	4
1911-1912	135,425	10
1913-1914	197,313	9
1917-1918	548,179	19
1918-1919	726,280	21
1919-1920	757,730	24
1921	505,994	21
1922	314,899	11
1923	914,319	21
1924	1,230,381	19
1925	1,977,576	18
1926	1,591,671	21
1928	2,102,998	24
1935	2,087,630	19
1937	2,495,948	20

SOURCE: Same as Table 6.6.

TABLE 6.10

Location of Government and Private
Bonded Warehouses: 1921 to 1939

	Number of Bonded Warehouses				
Year	Mombasa	Nairobi	Kampala	Jinja	Kisumu
1921	6	1	-	-	-
1924	11	1	1	-	-
1925	17	5	-	1	1
1926	19	4	1	1	1
1927	15	1	1	-	-
1928	17	2	2	1	-
1933	13	1	1	-	-
1937	12	1	1	-	-
1938	15	3	1	-	-
1939	20	1	-	-	-

SOURCE: Same as Table 6.6.

Number of Packages at Bonded Warehouses
as at 31st December, 1924

	Number of Packages
Mombasa	41,057
Nairobi	1,524
Kampala	570

SOURCE: Annual Trade Report of Kenya and Uganda for the Year Ended 31st December, 1924.

TABLE 6.11

Trade of Kenya/Uganda and Zanzibar Compared
(in Pound Sterling): 1926 to 1937

	Kenya/Uganda	Zanzibar
(a) 1926		
Trade Imports	7,680,577	1,742,012
Domestic Exports	6,010,386	1,332,904
Re-exports	1,834,295	451,216
Total Trade Exports	7,844,681	1,784,120
(b) 1927		
Trade Imports	7,851,611	1,703,124
Domestic Exports	5,397,216	1,237,215
Re-exports	1,555,502	420,254
Total Trade Exports	6,952,718	1,657,469
(c) 1936		
Trade Imports	6,872,112	757,834[a]
Domestic Exports	8,354,774	801,286[a]
Re-exports	2,191,124	235,265[a]
Total Trade Exports	10,545,895	1,036,551
(d) 1937		
Trade Imports	9,843,219	1,046,663
Domestic Exports	9,656,791	663,258
Re-exports	2,495,948	210,570
Total Trade Exports	12,152,739	873,828

[a]Including direct transhipments.

SOURCE: Same as Table 6.6.

CHAPTER VII

ORGANIZATION OF WHOLESALE TRADE IN AGRICULTURAL PRODUCE DURING THE INTERWAR PERIOD

In addition to the organization of import trade noted in the preceding chapter, bipolarization of the entrepot function in Kenya on Nairobi and Mombasa during the interwar period was also evident with respect to the organization of wholesale trade in agricultural produce. This trade consisted of collecting produce in varying quantities from scattered producing units and assembling it at intermediate bulking points, whence it was again split up according to kind and quality for distribution to different markets both abroad and within East Africa. In Kenya, two such channels of produce marketing had evolved; they were organized from Mombasa and Nairobi, respectively. Mombasa served as the organizing node for the marketing of African peasant produce such as robusta coffee, cotton and hides originating largely from the lake basin; Nairobi was the organizing node for the marketing of European settler produce such as arabica coffee, sisal, maize and wheat from the White Highlands and the adjacent Arusha region in Tanganyika. An attempt is made in this chapter to show that such a bipolarized pattern of agricultural produce marketing had emerged largely in response to the specific organizational adaptations necessary for catering to the long-distance trading requirements of the two export enclaves that had developed along the alignment of the Kenya-Uganda railway in East Africa.

7-2

7.1 Innovation of Settler Marketing Agencies in the Highlands

Nairobi, the official capital of Kenya and, to a lesser extent, Nakuru, the "uncrowned capital of the White Highlands", acquired their importance as organizing nodes for the settler enclave during the inter-war period largely as a result of settler farmers attempting to control the marketing of their crops through the innovation of marketing agencies in the White Highlands. In particular, this was the case with cereal producers but, as will be seen in the discussion below, also applied to other settler farmers. Marketing of staple products of the Highlands, namely wheat, maize, pyrethrum and dairy products, both on the export as well as the domestic markets, came to be handled by these new marketing agencies which were aided by international produce marketing firms that had established branches in Nairobi since the 1920's for this purpose. Attempts were also made by settlers during the mid-thirties to centralize the marketing of arabica coffee, the other staple export of the Highlands, which had been hitherto financed and marketed by London merchant banks through their Nairobi agencies.

Spatially, the system of marketing agricultural produce that emerged in the White Highlands was streamlined and centralized on Nairobi and Nakuru, with very few bulking points. This was in marked contrast to the system of marketing agricultural produce from the lake basin enclave of African peasant farmers that was organized from Mombasa via a comparatively larger number of intermediate bulking points.

7-3

7.1.1 Origins of Centralized Marketing

The establishment of centralized marketing institutions in Kenya during the interwar period was a direct result of settler frustration during the pre-war period with respect to the marketing of their crops. This was an experimental period of settler agriculture in Kenya, and during the early years the bulk of the output consisted of market vegetables for sale locally to the resident European population and to safari parties. However, Nairobi with its high concentration of European population and being the chief centre for local exchange in the Highlands was, as yet, without a market place "where purchasers and sellers may meet and from where a recognized market price for locally grown commodities may be ascertained and issued."[1] The role of middlemen was recognized as a vital factor "in commercial development, especially in a new country where there is often considerable difficulty in establishing communication between the producer and consumer"; the typical settler, in many cases, "was not a man of business and [did] not understand the various preliminaries before placing his produce on a distant market."[2] Furthermore, since he did not have enough capital "to tidy him over a critical period," he had "to sell his crops at any

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[1]<u>Leader</u>, 25/12/1909. Much of the European settlement in the White Highlands at this early stage was also confined to the vicinity of Nairobi.

[2]An article entitled "The Middleman" in the <u>East African Quarterly</u>, Vol. I (1904), p. 30. The Journal served as a useful medium for early settlers and administrators because it conveyed relevant information about settler crops, markets, etc. For instance, weekly prices of produce in the South African and London markets were regularly quoted in it by a Johannesburg firm of produce dealers.

price to carry on at all," unlike a middleman with sufficient capital resources.[1]

The produce export trade that had developed in Nairobi by 1910 was channeled through the hands of "one or two Mombasa wealthy Indian firms with ramifications up-country," a situation strongly disapproved by the settlers:

> ...scarcely a week passes that we are not told by any one or more of our aspiring [European] buying firms that they have orders for tons of mealies, of beans, of coffee, which they cannot execute for want of discovering a real source of supply. The traditionally Indian method of sending agents over the land and purchasing a number of small lots in different localities and collecting them in big depots which increase in magnitude as they approach the coast, is still hopefully regarded by the European trader as the east African way of doing business. It does not seem to have dawned upon the sense of the community that one of the chief means of progress--towards organized demand and organized supply--is the establishment of proper market places in producing centres....In South Africa, it has always been around the market square where trade evolved and revolves....[In Nairobi], the only present means seems to be to communicate personally with potential growers individually. For real and serious business, for export in bulk, such elementary state of exchange is impossible.[2]

Many farmers had been forced to do their own exporting, in many cases with disastrous results.[3] They were frustrated in their attempts to develop maize as an export crop because, on the one hand, the shippers demanded a guarantee of freight and bulk consignments while, on the other hand, the settler producer did not see his way to grow a crop without a more visible outlet than the local market. However, the Mombasa European firms which did a large proportion of export/import

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[1]<u>Ibid.</u>

[2]<u>Leader</u>, 12/3/1910, Editorial.

[3]<u>Ibid.</u>, 19/3/1910, Editorial.

business, did not seem to be much interested in the commerce of the Highlands then, although beseeched to do so by the settlers:

> If the existing exporting European Mombasa firms remain dormant in their Indo-Arabic tradition, prefer to jump from Mombasa to Uganda and continue to ignore the intervening highlands, 'a land of milk and honey', then an appeal will be made directly to the produce buying firms at home to send out their agents.[1]

The extent of Indian control over produce trade in the Highlands at that time may be judged from the fact that the first settler attempts at establishing a wholesale produce market in Nairobi in 1910/11 failed, precisely because Indian traders were not allowed into the market as buyers.[2] In 1912, a Produce Exchange was organized at Nairobi to deal in a wholesale manner with non-perishable goods in bulk "with the hope that it would become a central market for East African grain and produce."[3] Unlike the produce market, this was a multi-racial undertaking that included leading European and Indian produce dealers.[4] However, the new Produce Exchange was not patronized heavily by settler farmers due to the delays experienced in sending their produce to the market, small consignments and high commission overheads and the long time taken for a farmer to get his return. In the following years, a handful of locally established European firms in Nairobi, Nakuru and Eldoret did

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[1] Ibid.

[2] Ibid., 19/10/1912.

[3] Ibid., 21/5/1911 and 19/10/1912.

[4] The Nairobi Produce Exchange Committee consisted of the following produce dealers in Nairobi: R. O. Hamilton (Secretary); R. C. Bayton; A. C. Hunter; R. W. McDonell; C. Udall; L. J. Tarlton; Allidina Visram; Radha Kishan; Kirparam; and Beliram Parimal.

manage to acquire a hold over the settler produce trade in the Highlands.[1] The need for such middleman firms, with corresponding agents at the points of overseas demand in England and South Africa, was seen as a necessary link in organizing an export trade and as a welcome relief.

7.1.2 Growth of An Economically Weak, Protected Enclave of Settler Agriculture

It was under the aforementioned circumstances that a move towards centralized marketing of settler produce in Kenya began during the post-war years. Attempts to organize, from the settler viewpoint, a satisfactory marketing system during the pre-war period had largely failed. The post-war years witnessed attempts of finding suitable crops for the Highlands that could provide bulk traffic for the railway as well as suitable export staples for the settler economy. Hence, by 1940, the economy of Kenya had come to depend upon a few settler produced basic staples such as maize, wheat, coffee, sisal and pyrethrum (Fig. 7.1). The increase in settler production was closely tied in with the extension of the railway network in Kenya (Fig. 3.5 and table 7.1). Such miraculous expansion in settler agriculture, however, had been achieved at the expense of economic rationality.

The settler enclave in the White Highlands had come to be built on an artificial and very weak economic base which, in accounting terms,

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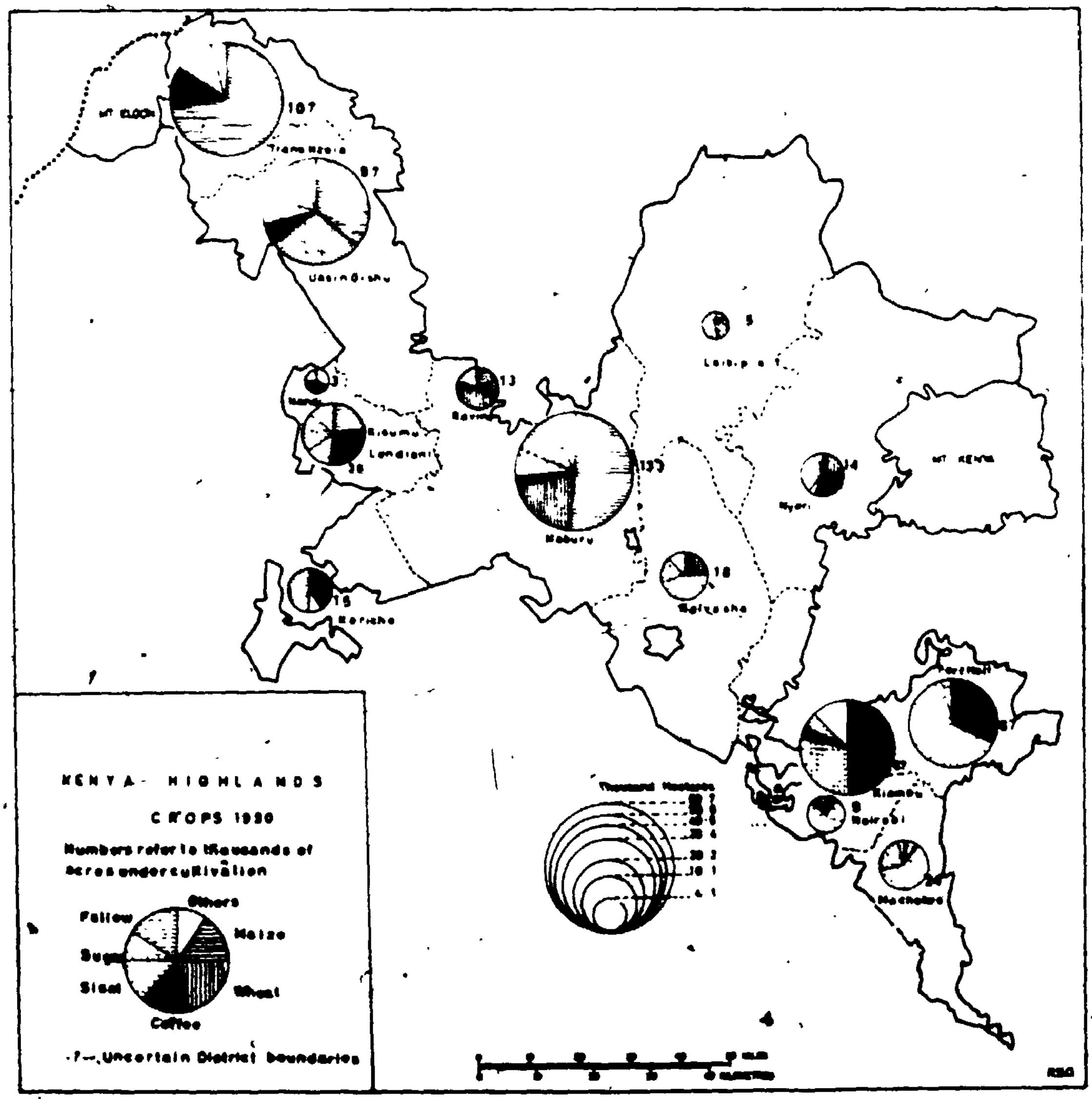
[1]For example, the firms of McDonell Bros. and Smith; J. Marcus; and Newland and Tarlton, in Nairobi; Chaplin and Hopcraft in Nakuru and T. J. O'Shea in Eldoret and Kitale.



Source Odingo (1971) p 33

Figure 7.1

represented an unprofitable use of resources.[1] Its growth had been brought about, first, in response to commercial interests in London, which, in view of the markets available in the imperial metropolis, had a vested interest in the growth of such an enclave.[2] The administration, in view of its responsibility for generating traffic for the railway, offered special incentives to the settlers such as low freight rates for their produce and special research and extension services.[3] These attempts were aided by the zealous experiments in crop research carried out, despite persistent failures, by a few wealthy settler aristocrat farmers in Kenya such as Lord Delamere.[4] Because of its high cost structure, the settler enclave had to be shielded from competition and criticism to enable it to survive. The innovation of settler marketing agencies in the Highlands, such as the Kenya Farmers Association and the Kenya Co-operative Creameries was one of the pillars of such a weak, protected economic system. Although the number of settler farmers during the interwar period was no more than 2,000, as a political and economic class, they were supreme in Kenya and wielded sufficient power with the administration to elicit special consideration.[5] The government

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[1]C. C. Wrigley, "Kenya: The Patterns of Economic Life, 1902-45," History of East Africa, op. cit., Vol. 2, p. 237.

[2]Wolf, "The Economics of Colonization...," op. cit., p. 3.

[3]Sir A. Pim, The Financial and Economic History of the African Tropical Territories (Oxford: Clarendon Press, 1940), Chapter 5 on East Africa.

[4]E. Huxley, White Man's Country: Lord Delamere and the Making of Kenya, 2 Vols. (London: Macmillan, 1935).

[5]M. J. Dilley, British Policy in Kenya Colony (London: Cass, 1937).

gave considerable weight to settler opinion in view of the part they were playing in building up the colonial economy of Kenya, while it was in the vested interest of the administration to increase settler production to generate bulk traffic for the railway and provide revenue.

7.1.3 Voluntary Marketing Associations

THE KENYA FARMERS ASSOCIATION[1]

One of the largest and most powerful of the settler marketing institutions was the Kenya Farmers Association (Co-operative) Ltd. (KFA). Its origin, however, was rather modest. Towards the end of the First World War, a group of eight maize growers in Solai Valley, in an endeavour to market their maize, co-operated and engaged the firm of Chaplin and Hopcraft of Nakuru to handle and market their maize abroad. Henceforth, these farmers agreed to market their crops on a pool or co-operative basis, and, to this end, formed, in 1916, the British East Africa Maize Growers Association with its headquarters at Nakuru, the centre of the maize growing district. This was a maize selling group whose immediate concern then was the erection of a new godown at Nakuru and the arranging of facilities for the economic handling of the crop from the farm to the wharf and from the wharf to the ship. In January

[1]Data regarding the growth of this co-operative have been obtained from the following sources: Leader, 9/3/1933, two articles entitled "The KFA (Co-operative) Ltd.," and "Unga Mills Limited," respectively; Memorandum prepared by D. A. Vaugham-Philpott, Chairman of the KFA, dated 14th July 1962 and entitled "Role of KFA (Co-operative) Ltd. in the Development of Co-operative Movement in Kenya"; E. Huxley, No Easy Way, A History of Kenya Farmers Association and Unga Ltd. (Nairobi: East African Standard, 1957); Proceedings of the Kenya Legislative Council Debates for the years 1926 to 1939 (henceforth referred to as KLC, Debates).

1919, the widening scope of this body's activities was reflected by its change of name to the British East African Farmers Association. In the absence of enabling legislation for co-operative societies in Kenya then, it was registered in February 1919 as a limited liability company with 100 members. In 1920, the Association handled 103,254 bags of maize on behalf of its members.

In 1922, the Association decided to commence the business of importing farm necessities for sale to the settler farmers. In the following year, the name of the Association was changed to the Kenya Farmers Association (KFA), a limited liability company with a paid up capital of £17,000 in units of twenty shillings ordinary shares held by approximately 100 members. The headquarters of the Association was located at Nakuru. In early 1922, another group of farmers in Uasin Gishu and Trans Nzoia districts, also a settler cereal growing area, decided to form the Plateau Maize Growers Association. This co-operative had 113 members, each of whom had subscribed for a single share worth ten shillings.

During the same year (1922), the Economic and Financial Committee strongly recommended the adoption of maize as the basic settler staple crop in Kenya with a view of providing bulk traffic for the railway and to increase the domestic exports.[1] Consequently, maize acreage in the colony underwent a rapid expansion during the next eight years, chiefly in Tranz Nzoia, Uasin Gishu and Nakuru districts where it was grown on

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[1]Economic and Financial Committee, Report of Proceedings during 1922 (Nairobi: Government Printer, 1923). The committee secured the acceptance of specially low export railway rates for maize.

a monocultural basis (Fig. 7.1).[1] In 1923, the KFA and the Plateau Maize Growers Association entered into a selling agreement for maize. During this period, the growing of wheat was also beginning to assume importance in the Nakuru and Uasin Gishu area,[2] and the Plateau maize growers decided to handle, on behalf of their members, also the wheat grown in Uasin Gishu and Trans Nzoia districts. In 1925, the wheat growers on the Plateau, who had hitherto sold their wheat to local Indian traders, formed a separate Kenya Wheat Growers Association and took over, in 1927, the Njoro wheat milling plant (called Unga Limited) belonging to Lord Delamere.[3] Centralization of wheat marketing was carried one step further when in 1927 the Kenya Wheat Growers Association merged with the KFA, and the latter thereby also acquired control over Unga Limited. Similarly, the KFA acquired control in 1929 over the Kenya Grain Mills Limited, another wheat milling company that had

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[1]R. S. Odingo, The Kenya Highlands, Land Use and Agriculture Development (Nairobi: East African Publishing House, 1971), p. 44.

[2]This increase in acreage was partly due to a 30 percent import duty placed since 1923 on imported wheat and flour. During the period 1928-31, Kenya exported wheat worth £325,000 and utilized for flour consumed domestically (in East Africa) another £450,000 worth and disposed of 40,000 bags to dairy farmers in the Highlands.

[3]Unga Limited, a wheat milling company, was founded under the chairmanship of Lord Delamere in 1909 at Nairobi where the first mill was located. In 1919, the mill was shifted to Njoro, where Delamere was experimenting on Equator wheat. Partly as a result of these experiments, the area under wheat in the Highlands increased considerably after 1923 and local flour was becoming well established so that the business of the Njoro plant increased from 280,000 shillings in 1922 to over a million shillings in 1925. Upon the takeover of Unga Limited by the Wheat Growers Association in 1925, Delamere was appointed as the managing director for five years and as a director for life of Unga Limited.

been started in Nairobi in 1923 by a group of Nairobi businessmen. This move had been undertaken by the directors of the KFA in response to the interests of European wheat growers in the country and the expanding domestic market for wheat flour within the three East African territories since the barriers on the movement of domestic produce among the territories had been removed.[1] In 1932, the entire wheat milling interest of the KFA, handled by its subsidiary Unga Limited, was centralized at Nairobi since it was the most appropriate distributing centre for the domestic market not only within the three East African territories but to a certain extent also in Northern Rhodesia and Belgian Congo.

Meanwhile, at the end of 1926, negotiations which had been going on for some time between the Plateau Maize Growers Association and the KFA, with a view to strengthening the position of cereal growers in Kenya, resulted in the liquidation of the Plateau Maize Growers Association, its assets being taken over by the KFA in January 1927. By this move, the marketing arrangements of all European farmers to the north and west of Nakuru, most of whom were cereal growers, were centralized in the KFA with its headquarters at Nakuru. The Association had a series of branches which acted primarily as collecting depots in other centres of the cereal growing areas of the Highlands, namely at

[1] The settlers in Kenya, who were principally responsible for persuading the Kenyan administration to accept a policy of protection for locally produced temperate climate foodstuffs in 1922, also saw the creation of an East African common market as another means of extracting surplus from neighbouring territories. E. A. Brett, Colonialism and Underdevelopment in East Africa (London: Hienamann, 1973), p. 96.

Gilgil, Molo, Eldoret, Kitale, Turbo and Hoeys Bridge. The cereal growers in Kenya were now "able to speak with one voice to the government, the railway, the exporting firms and the London agents and to negotiate contracts through one channel."[1]

In 1928, pyrethrum had its first beginnings in Kenya, largely in the same areas as wheat and maize. A small committee of growers was set up and decided ~~to~~ market their produce through the KFA. In 1932, the Kenya Pyrethrum Growers Association was formed. This new organization confirmed the position of KFA as its marketing agents, and a packing and pressing plant was set up at Nakuru where the flower was graded, packed and pressed for export.

Similar facilities for maize export were provided in 1929, when the KFA installed a maize drying plant at Nakuru and provided facilities for storage and grading at Nakuru and Kitale, where there was a sufficient volume of traffic. The administration aided the settler cereal farmers further, through the KFA, by erecting two maize drying plants at Kitale and Kilindini port (Mombasa) to enable maize growers to satisfy the conditions for export.

Thus, through a process of gradual voluntary amalgamation among settler cereal marketing organizations under the umbrella of the KFA, the annual turnover of the Association in 1933 exceeded three million shillings. Table 7.2 shows the expansion of the KFA since its inception in 1919 in terms of membership, paid-up capital, trading sales and crops handled. Besides its produce marketing business, it had also

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[1]Huxley, No Easy Way, op. cit., p. 79.

expanded its import business in farm necessities such as seeds and fertilizers which were distributed through its headquarters at Nakuru. In 1932, the KFA had started a system of making advances to its members on their maize and wheat crops. The Association borrowed the money for this from banks on security of its assets. Subsequently, it also acted as an insurance and travel agent and as an auctioneer, estate and livestock agent in the Highlands. The KFA thus emerged as one of the largest trading organizations in the country and, in fact, reputed to be one of the largest co-operative organizations in tropical Africa.

THE KENYA CO-OPERATIVE CREAMERIES[1]

Besides cereals and pyrethrum, dairying was the other sector of settler agriculture in which, by the 1920's, a system of co-operative marketing on a voluntary basis had evolved. The first creamery to be set up in Kenya was at Lumbwa station in the Highlands in 1908. In 1912, it became a co-operative creamery owned by settler farmers in Lumbwa and Molo districts. By 1922, Kenya exports of butter and cheese, all from the Lumbwa creamery, amounted to 18,768 pounds and 22,314 pounds, respectively, besides supplying the growing local market.

As in case of cereal farming, it was becoming "very clear that the development of the dairy industry largely depended upon the efficient organization of an export trade and the building of co-operative creameries in the dairying districts of the Highlands." In 1924, on the initiative of Lord Delamere, another creamery, the Kenya Co-operative

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[1]The history of KCC is discussed by M. F. Hill, Cream Country: The Story of KCC Ltd. (Nairobi: Kenya Co-operative Creameries, 1956).

Creamery, was formed consisting of dairy farmers in the Rift Valley district of Naivasha and a creamery built at Naivasha. Similarly, in 1925, the Stockbreeders Association of Nanyuki was formed, which built a creamery at Nanyuki in 1927.

The collapse of cereal prices during the Depression impressed on the settler farmers the risks inherent in a monoculture system based on maize and wheat, which many of them had hitherto pursued in the Rift Valley and West Rift Highlands on the recommendations of the Economic and Financial Committee. The system of mixed farming in Kenya had its first beginnings then. To help put the dairying industry on a proper footing, the government put a levy on local butter sales to subsidize exports. In 1930, the Kenya Co-operative Creamery, the Lumbwa Co-operative Creamery and the Nanyuki Co-operative Creamery amalgamated. As in the case of the cereal industry, the latter two organizations went into a voluntary liquidation. Their assets were taken over by the Kenya Co-operative Creameries Limited (KCC) with its headquarters located at Naivasa in the Highlands, midway between Nairobi and Nakuru along the Kenya-Uganda railway. The capital of the KCC in 1932 was approximately £18,000, and the membership was 311. Further expansion of the membership of this organization is summarized in Table 7.3.

The processing and marketing side of the dairying industry in the Highlands had, by the early 1930's, come to be centralized under the KCC through a process of voluntary amalgamation among settler creameries, thus repeating a similar trend as witnessed in the cereal industry in the Highlands. In both instances, the move towards centralized marketing had been necessitated by the weak economic base of the settler agriculture.

7.1.4 Enabling Legislation for Co-operative Marketing

The Co-operative Societies Ordinance was enacted in 1931 specifically to further the interests of settler farmers in Kenya, particularly those engaged in cereal and dairy farming on a large scale. The marketing institutions that had evolved in these two settler industries so far had been based on a form of voluntary co-operation. However, under the Companies Ordinance, under which both the KFA and KCC were registered, there was no power to make the bylaws of these organizations binding on their respective members. Thus, for instance, when the directors of the KFA made forward contracts to sell their produce, there was no legal binding on a producer member to supply whole or part of his produce to the Association, if other buyers offered him a higher price.[1] Hence, the Co-operative Societies Ordinance was a great boon to both the KFA and the KCC since now a member was obliged to sell all his output to his respective co-operative and not when it suited him. The Ordinance thus gave a further impetus to the centralization of the marketing organization of the settler agriculture industry. The KFA and KCC registered as co-operative societies which enabled them to establish formally their co-operative status.[2]

Both the KFA and the KCC appointed well established international merchant firms as their agents and financiers to arrange and handle for sale their produce in the international market. Dalgety were the

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[1]KLC, Debates, 1931, p. 199.

[2]Both the KFA and the KCC also continued to be registered as limited liability companies under the Companies Ordinance.

appointed agents for KCC,[1] and the firm of Mitchell Cotts and Company acted as the agents for KFA.[2] Both of these were large, well-known London firms that participated in the trade of other colonies too. They had established branches in Nairobi since the early twenties when settler agriculture was beginning to get a firm footing in the Highlands.

Innovation of settler marketing agencies in the Highlands so far had been achieved voluntarily at the instigation of settler cereal and dairy farmers owning large acregaes. Also, the growth of such agencies so far had been mainly in response to the need for developing an export outlet for produce from the settler enclave. The settlers had refused to utilize the system of marketing agricultural produce catering to the African peasant enclave in the lake basin that was organized from Mombasa.

After the 1929 Depression, settler cereal and dairy farmers were increasingly forced to find local markets for their produce. The settler marketing agencies now assumed even more importance in the Highland enclave in enabling settler farmers to exploit, with the aid of official backing, the domestic market within East Africa. Thus, growing settler nationalism consequent on the need ro internalize wholesale trade in cereal and dairy produce from the Highland enclave

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[1]W. C. Hunter and Company acted as selling agents for KCC until 1927 when it was taken over by Dalgety and Company, a firm of Australian and New Zealand merchants based in London. The latter firm established itself in Nairobi in 1927 with branches in Makuru, Mombasa and Tanga.

[2]This was a British company which had established in Nairobi in 1927. Like Dalgety and Company, it acted as shipping agents, financiers and dealers of settler produce such as sisal, pyrethrum, wheat and wattle bark and as buying agents for the KFA and other local concerns.

led to the increasing importance of Nairobi and Nakuru as internal distributing centres for settler marketing agencies. At the same time, compulsory co-operation under the aegis of settler marketing agencies was also made necessary for marketing settler produce such as pyrethrum on the export market in order to centralize processing and grading to maintain high and uniform quality standards.

7.1.5 Compulsory Centralized Marketing through Statutory Control

The years of the Depression revealed the weak economic structure of the settler cereal and dairying industries in being unable to compete on the export market on which they were heavily dependent. The export prices for maize and butter dropped below the settler cost of production, and, consequently, many settler farmers faced bleak prospects. Since the 1920's, expansion in both these industries had been based on an export trade since the domestic market was limited. Hence, without a considerable export outlet being procured and maintained, the domestic market for these products would be flooded and prices drastically reduced.

However, a peculiar characteristic of the Kenyan settler economy was that domestic prices for cereal and dairy produce were much higher than what the export market fetched. For this reason, there was a temptation for settler farmers, especially those not owning very large acreages, not to be members of the co-operatives so that they could sell privately on the local market. Under these circumstances, the best alternative for the survival of the settler agriculture enclave, particularly for those settlers cultivating very large acreages, was a monopolistic settler controlled selling agency, prescribed by statutory control, to pool returns from the two markets and pay the average price of the two to the producers. Both the KFA and the KCC now directed their efforts towards bringing pressure on the government at Nairobi to legislate for such an oligopolistic centralized marketing system. The Economic Development Committee, appointed in 1934 to enquire into the marketing of produce in Kenya, also strongly recommended such a system for marketing of settler crops.[1] As shown below, such a system was achieved with success in cases of wheat, pyrethrum, flax and passion fruit, all of which then were exclusively settler products. This was achieved under the umbrella of the KFA at Nakuru, thus making it even more powerful. On the other hand, disagreement among settler farmers regarding marketing arrangements for dairy products and the special status of maize as an African peasant as well as a settler crop, made it difficult to extend this system to dairy and maize industries.

MARKETING OF WHEAT

Compulsory co-operation for all settlers in the Kenya Highlands to market their wheat through the KFA was made possible as a result of the Sale of Wheat Ordinance, 1931.[2] This legislation was enacted as a result of pressure from a group of settler wheat farmers who also had a vested interest, through the KFA, in the local wheat milling industry. So far, non-members of the KFA had not carried any of the loss on export

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[1] Report of the Economic Development Committee, 1934 (Nairobi: Government Printer, 1935), p. 80.

[2] KLC, Debates, 1930, p. 684, The Sale of Wheat Bill.

wheat, which the KFA had been exposed to. Thus, the objective of KFA members, especially those owning large wheat acreages, in pressing for statutory control over wheat marketing was for all wheat growers in Kenya, irrespective of whether they were members of KFA or not, to share the fluctuations, and often burden, of the export market.

Compulsory co-operation was introduced when the Wheat Advisory Board was set up under the Wheat Ordinance, and all farmers were obliged to sell their wheat through the KFA who had been appointed as the sole agent by the Board. Thereby, the KFA also came to acquire and exercise considerable control over the domestic wheat market in the whole of East Africa since free inter-territorial trade was allowed in all domestic produce among Kenya, Uganda and Tanganyika. Owing to a complete monopoly of the KFA for sale of wheat and wheat flour produced and consumed in East Africa and by reason of the KFA being the owner of the two largest milling plants in the country, the Association was able to manipulate sale of wheat on the domestic market and to cause difficulties for all other mills.[1] Thus, by 1938, KFA milled about 95 percent of the flour consumed in East Africa.

Several members of the Wheat Advisory Board were either interested parties in the KFA, by virtue of them being shareholders, or were reported to be heavily indebted to it for advances granted to them for wheat in their fields.[2] Consequently, it was difficult for the Board to exercise effective control or vigilence over the KFA as sole agents

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[1] KLC, Debates, 1937, Vol. 3, p. 842. The second milling plant of Unga had been established at Eldoret in 1934.

[2] Ibid., p. 842-243.

for sale of wheat. The government, however, refused to consider the appointment of more than one agent for the sale of wheat or of agents who had no interests in the milling industry.[1] Even among the settler farmers, there was considerable dissatisfaction regarding this form of arrangement, and there were complaints that some of the settlers with very large acreages were manipulating the compulsory pool arrangements to their own advantage,[2] and there were voices demanding that the KFA's trading activities be curtailed since it was only a co-operative society.[3] The handful of settler wheat farmers had achieved, through the medium of the KFA, an almost complete vertical integration of the wheat industry and a monopoly in marketing wheat throughout Kenya, Uganda and Tanganyika.

MARKETING OF PYRETHRUM, PASSION FRUIT AND FLAX

The KFA acquired further monopolistic controls over the marketing of settler produce when legislation, similar to the Wheat Ordinance, was introduced in Kenya in response to settler pressure, for pyrethrum,

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[1]In fact, as pointed out earlier, the government had imposed an exhorbutant protective custom duty of six shillings per hundred pounds on imported wheat flour, in order to protect the settler wheat producers. The Indians and to a lesser extent the Africans were the largest sufferers since they were the main consumers of wheat flour.

[2]Kenya Weekly News, 5/12/1930. Similar allegations were also made in connection with maize regarding such large settler producers as the East African Estates who overproduced and thus reduced prices. Kenya Weekly News, 12/12/1930.

[3]Kenya Weekly News, 2/12/1938 and 16/12/1938. Even when the Wheat Ordinance was being debated in 1930, a section of the European farming community felt that the Bill, contrived by the KFA, "would drive everyone into the existing co-operative society" and a "large number of people" considered "the present directions of that society...not only a danger to their own society and to their members but also to their colony." Kenya Weekly News, 5/9/1930.

passion fruit and flax. On the recommendations of the Economic Development Committee in 1935, Statutory Boards were created for marketing each of these products with the provision for the appointment of an agency to carry out the business of the individual Boards, the KFA being named for this position for the three respective Boards.[1] The objectives in introducing this compulsory co-operation in the marketing of these products were stated as the need to maintain a high standard quality of the products for export which implied that all processing and grading had to be centralized under one agency which also acted as the sole exporter. Monopolistic marketing control was justified as being necessary in these industries "which produced a standard product and which had to be sold in bulk to a certain specification to maintain the reputation of the Colony."[2]

It is not surprising that the increasing tendency towards centralized marketing of settler produce through control bills, which did away with a large number of intermediaries, was generally disapproved by commercial interests in London who had an interest in marketing Kenya settler produce. In fact, a fear was expressed by some settlers that such "firms of standing who [were] in position sometimes to finance positions of undertakings and help industries" might cease taking interest in settler agriculture in Kenya and disappear from the country if this kind of legislation was resorted to too often

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[1]KLC, Debates, 1935, p. 643, Sale of Pyrethrum Bill; 1937, Vol. II, p. 146. The Passion Fruit Bill; 1939, Vol. VII, p. 138, The Flax Bill.

[2]KLC, Debates, 1935, p. 645.

by the settler community.[1] Even as early as 1937, the KFA had been described as "not merely a co-operative society...[but] in fact one of the biggest trading concerns in the Colony and one of the most successful,"[2] and a similar criticism was levelled against it as late as 1968/69.[3] From simple beginnings in 1920, within a period of twenty years, it had come to exercise tremendous monopolistic powers in marketing settler produce.[4] Its base of operations, Nakuru, located in the centre of the White Highlands, had come to acquire the reputation of being the "uncrowned capital" of the Highlands. The agricultural marketing system which had evolved in the White Highlands was a response to the politically powerful but economically vulnerable enclave of settler agriculture that had successfully established itself in Kenya by 1940.

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[1]KLC, Debates, 1939, Vol. VII, p. 138. A fear was also expressed by some settlers that such obligopolistic firms which had been appointed as sole agents for co-operative societies had to face little competition in the field of marketing produce. Moreover, since the interests of the agents included not only purchase and sale of produce but also financing of producers, there was sometimes a temptation to sell such produce not always at the best possible price in order to recuperate themselves of any advances they had made.

[2]Kenya Weekly News, 1/12/1938. In 1937, an Indian member of the Parliament had described the KFA as being extremely powerful, ranking "only next to the Government or perhaps the Railway Administration."

[3]Sir Havelocks Report of the Working Party on Africultural Inputs (Nairobi: Government Printer, 1971). Quoted in J. Heyer, "Kenya's Agriculture Price and Marketing Policies," forthcoming in B. Riordan (ed.), Agricluture Marketing in East Africa (Nairobi: East African Publishing House).

[4]The accounts of the Association were never shown in detail while the profits made from the numerous activities of the Association and the way they were distributed were never revealed "in order not to divulge information to the competitors," Kenya Weekly News, 16/12/1938.

MARKETING OF DAIRY PRODUCE

The Kenya Co-operative Creameries (KCC), the voluntary co-operative agency for marketing settler dairy produce, was frustrated like the KFA during the Depression, by low export prices for butter while the competing settler non-members monopolized the more remunerative local market. The KCC, by virtue of its organization, was the only concern in a position to export dairy produce on a large scale and, consequently, had to bear the entire burden of low export prices.[1] The Directors of KCC, however, could not muster sufficient support among the dairy farmers for a proposed Dairying Bill advocating complete control of the industry. Such a control bill had been recommended in 1935 by a sub-committee of the Standing Board of Economic Development specifically concerned with the reorganization of the dairy industry, and unsuccessful attempts were made a number of times to introduce it in the legislature.[2] Thus, the KCC had to follow another alternative in order to achieve marketing monopoly in the dairying industry; this was through the expansion of its capacity and by buying up competing interests. Its eventual success was reflected in the increase of its membership (Table 7.3), which by 1955 included about 90 percent of all settler dairy farmers. Of a total of 37.5 million gallons of milk produced during that year in the Highlands, the KCC creameries handled some 29 million gallons.[3]

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[1]Hence, the Economic Development Committee bad strongly recommended centralized marketing in the settler dairying industry, as in other settler industries.

[2]Kenya Weekly News, 10/12/1937 and 25/11/1938.

[3]In 1935, another factory was built at Eldoret, In 1949,

MARKETING OF MAIZE

It had been possible to centralize the marketing of crops such as wheat and pyrethrum under the KFA largely because they were grown exclusively by a relatively small number of settlers on a large scale. The position of maize, another crop grown extensively by settlers was, however, different since maize was also grown by many African peasant farmers on their small holdings in the Reserves surrounding the White Highland enclave. Placing maize marketing into the hands of the KFA, as had been done in the case of wheat, was therefore a politically sensitive issue for the government. Moreover, the Indian traders in the Reserves, who had played a pioneering role in the development of marketing channels for Kenya African produce, had established a strongly vested interest in the marketing of African maize by the 1930's.

As early as 1913, the settlers had been opposed to Africans in Kenya growing maize commercially under the pretext that only "after many years of experience under Europeans supervision...they will be able to provide a better crop."[1] Their concern was, obviously, to increase their share of the maize export market in Kenya. Maize grown by Africans, mainly in western Kenya and amounting to about 150,000 bags a year, accounted for most of Kenya's maize exports then, leaving only about 14,000 bags to be exported by the settlers.[2] Thus, after 1920, it was

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another KCC creamery was opened at Nakuru, and in 1951 at Sotik and Kitale; a dried milk plant was established at Nakuru in 1952 while in 1949, agreements were reached with local competing dairies supplying urban markets which enabled KCC to control distribution.

[1] Leader, 26/7/1913.

[2] Ibid.

largely due to settler pressure that quality controls were designed to regulate maize export. Subsequently, African maize production was largely diverted from the export to the domestic market, since it was of a lower quality.[1] Settler maize production, geared to an export market, was expanding rapidly during this period and largely marketed through the KFA.

When the export prices for maize fell in 1929 to an abnormally low level and below the domestic market prices, the situation was altered. The KFA now had to carry the whole of the export surplus while the non-members, especially the numerous African producers, had the advantage of the still lucrative domestic market in East Africa and placed all their produce through the African and Indian traders.[2] In an attempt to control the domestic maize market, the KFA decided in 1932 to purchase maize in the Reserves in competition with other traders. It was, however, unable to control the sale of African produced maize because of the enormous number of selling points. In August 1932, therefore, the Board of Directors of the KFA, comprising many of the large-scale settler maize growers, resolved to press the government to introduce legislation which would compel all maize growers in the colony, both settler and African, to market all their maize through one channel, the KFA, in the same manner as wheat. It

[1] The domestic market consisted of the three East African territories since unrestricted movement in domestic produce was allowed among them from 1923 onwards. The Railway, the Public Works Department and the settler sisal and coffee estates were the major local buyers of African maize.

[2] Report of the Economic Development Committee, 1935, op. cit., pp. 64-65. Kenya Weekly News, 7/10/1932.

was the opinion of the Board

> that without unduly interfering with the existing methods of trading in the reserves, the native grown maize can be marketed through one organization, resulting in a proportion being exported and the balance being sold on the local market. Thus, the European grower and the Native would both carry their percentage of export.[1]

In response to these pressures, the Board of Agriculture drafted a scheme for a proposed maize pool which would enable the low export price for maize to be compensated by a controlled price on the internal market so that better prospects could be guaranteed for the European maize growers. If implemented, the pool scheme would have enabled the profits of African agriculture to subsidize the settler maize farmers. However, this scheme never materialized,[2] despite subsequent attempts to reactivate it.[3] To a considerable extent, this failure was due to the strong opposition from settler coffee and sisal planters, the biggest customers for African maize. It was politically not feasible for the government to introduce control legislation, as it had done for wheat and pyrethrum, to give the KFA the monopoly for maize marketing. Only in 1942, due to the exigencies created by the Second World War, were these control measures introduced.[4]

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[1] Kenya Weekly News, 18/11/1932. Report of the Economic Development Committee, 1935, op. cit., p. 65.

[2] Kenya Weekly News, 19/2/1933.

[3] Ibid., 5/7/1935 and 4/12/1936. In 1935, the Economic Development Committee strongly supported this proposal as an attempt to keep the primary producer on his feet. From its viewpoint, compulsory co-operation of producers in marketing their produce was "the most popular method of assisting the farmer."

[4] The KFA was then appointed as the sole agent for all settler grown maize. It also assumed many other responsibilities on behalf of

Meanwhile, the KFA had to resort to other means for controlling the marketing of African maize in the interests of settler cereal farmers in the Highland enclave. The Marketing of Native Produce Ordinance, 1935, provided the KFA with a tool for the control over the maize trade in the African Reserves.[1] The Ordinance provided for the establishment of special produce buying markets in the Reserves and for the inspection of produce at these markets. Aside from facilitating the collection of produce by the KFA, this permitted a close watch on its quality, regulating its supply and ensuring its suitability for export. Thus, the KFA was able to acquire a considerable monopoly over the Kenya maize industry and to manipulate its operation in favour of the settlers.[2]

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In the foregoing section, only the marketing organization of settler crops undertaken by settler marketing agencies has been discussed. The detailed examination of these agencies was to illustrate

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the government during the War. In 1942, the Guaranteed Minimum Return scheme was introduced by the government as the basis for short-term agriculture credit to increase settler production, the KFA being appointed as the Government Agents for advances and repayment of these advances against crops. The KFA also handled Cereal Finance Advances on behalf of the government.

[1]KLC, Debates, 1935, p. 167, Marketing of Native Produce Bill.

[2]The pattern of trade and related urban development in the African Reserves of Kenya is discussed in a forthcoming paper by the author, entitled "Role of the Periphery: Trade and Urban Development in the Kenya African Reserves."

the important role which the settler marketing agencies have played in localizing the agricultural marketing function within the Highlands at Nairobi and Nakuru. Both of these centres were politically important and, at the same time, occupied nodal positions along the Kenya-Uganda Railway to serve the settler marketing agencies as convenient distribution points, initially for exporting overseas cereal and dairy produce and, subsequently, also for distributing it internally within East Africa.

The following section will examine the marketing organization for coffee, a crop which was produced by farmers in both enclaves, the White Highlands settler enclave in Kenya and the lake basin African peasant enclave in Uganda and Tanganyika. The mode of marketing settler produced arabica coffee is examined first. This is followed by a discussion of marketing organization for peasant produced robusta coffee along with two other peasant produce, namely hides and cotton.

7.2 Marketing of Coffee, Cotton and Hides

The organization that had evolved during the interwar period for marketing coffee in East Africa shows very distinctly the bipolarized location on Nairobi and Mombasa of agricultural produce marketing functions.

The settler produced coffee in Kenya was a 'mild' high grade arabica type, and its mode of marketing was very different from the 'hard' robusta coffee then produced largely in Uganda and Tanganyika by African peasant farmers. The London commercial firms interested in arabica also had an interest in sisal (another staple cash crop of the

European settlers in Kenya), and those with an interest in robusta usually also had a complementary interest in the marketing of other African produce such as cotton, hides and skins and in importing cotton piece goods. Thus, firms dealing in arabica were largely centred in Nairobi and those dealing in robusta in Mombasa.[1]

7.2.1 Marketing of Arabica Coffee

There were approximately 900 settler estates in Kenya producing arabica coffee, many of them concentrated in the two districts of Kiambu and Fort Hall north of Nairobi. They exported an average of 17,083 tons valued at £823,426 for the three years of 1936 to 1938. The coffee farmers accounted for nearly half the number of settler occupiers of land and for 47 percent of the domestic exports of Kenya in 1935.

Prior to 1935, all coffee produced in Kenya was despatched to London and sold either at the Mincing Lane auctions or direct to buyers in England for local consumption or re-export.[2] It was usually sent on consignment by the individual growers to London merchant houses through their Nairobi agents who undertook the twofold task of financing the growers and marketing their product on a commission basis.[3]

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[1]Arabica coffee could not be stored at Mombasa because its quality deteriorated. Hence, it had to be warehoused at Nairobi, which had a more suitable climate. This was important, because after it had been sold, coffee had to await shipment for as many as six months.

[2]V. Liversage, "Marketing," in J. McDonald (ed.), Coffee in Kenya (Nairobi: Department of Agriculture, 1937), p. 195.

[3]East Africa Office, "How Coffee is Marketed Today," in Coffee (London: East Africa Office, 1934); Monthly Bulletin of Coffee Board of Kenya, July and August, 1940, articles entitled "The Supply Board (Coffee Control)."

Co-operation among the settlers in marketing their coffee never became an established fact until after the Second World War. Voluntary co-operation was more difficult to achieve among the settler coffee planters than was the case with cereal farmers in the White Highlands. The Kenya Farmers Association handled mainly low priced bulk commodities such as wheat and maize where, unlike coffee, differences in grades were not very marked. On the other hand, the settler coffee farmers in Kenya had built up the 'mild' coffee industry based on its reputation of a high quality commodity with definite quality grades.[1] Moreover, as the Chairman of the Coffee Board commented in 1936, the London merchant houses had played a remarkably important role as marketeers and financiers in putting the Kenya coffee industry on its proper footing:

> Without the backing of the 'Merchant Adventurers', it is safe to say that the industry would not have reached its present stage of development and that many individual planters could not have become the owners of productive estates.[2]

The London firms had built up a closely vested interest in the marketing side of the Kenya settler coffee industry. Similarly, the plantation side of the industry was characterized by individual ownership of estates and, to a very limited extent, amalgamation or ownership by

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[1]It was also partly for this reason that the settlers were strongly opposed to Africans in Kenya growing coffee.

[2]Annual Report of the Coffee Board of Kenya for the year ended 30th June, 1933. On the other hand, in the case of cereals, there was nothing in the nature of vested interests on the marketing side of the industry to be eliminated. In fact, when the predecessors of KFA, the Nakuru Maize Growers Society was formed, no maize had been ever exported on a large scale. They did the first export marketing, as has been shown above.

large foreign companies. The settler coffee growers were always in competition with one another to secure buyers for their coffee through the London merchant houses and their agents in Nairobi.

A section of the growers community, however, always felt that co-operation in marketing would be to their benefit by eliminating competition and the services of middlemen. Since the 1930's, many planters felt that co-operation was necessary in view of the declining role of the London market as an entrepot centre for the coffee trade and also because the demand for Kenya coffee of lower grades in North America and South Africa was on the increase. Hitherto, a large proportion of the Kenyan coffee sold on the London market was re-exported. but during the early 1930's, this role was on the decline.[1] Moreover, the practice followed by some settlers of sending lower grades of coffee in small individual lots through Nairobi agents for sale on the London market often meant that stocks of coffee accumulated in London warehouses for as long as six months.[2] Consequently, these had eventually to be offered for sale in foreign markets very cheaply. The settlers in Kenya felt that these foreign markets could more effectively and economically be supplied directly from Nairobi rather than from London. Hence, if a local auction market were developed for such coffees in Nairobi, the planters thought that that may attract buyers from all over the

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[1]M. F. Hill, Planters' Progress: The Story of Coffee in Kenya (Nairobi: Coffee Marketing Board of Kenya, 1956), p. 97.

[2]Mombasa Times, 2/10/1934. Annual Report of the Coffee Board of Kenya for the period October 1933 to June 30th, 1934. There were 6,000 tons of Kenya coffee reported lying unsold in London warehouses then.

world to buy directly from the country of origin and thus fetch better prices for the settlers.[1] At the same time, this would save the settlers the costs of transportation, commission and warehouse fees which they had to pay for coffee marketed in London. As may be expected, many coffee planters had a dislike for the London merchant bankers who financed the sale of their coffee and who took away a large slice of their profits. Although these intermediaries had been of much help to the planters earlier, many settlers believed that "in the past, there had been too much competition between the financiers with the result that the planters were now feeling the after effects."[2] Financial advances on the planting and shipment of coffee, often granted before the crop was actually produced, was an important aspect. A considerable amount of uncertainty was entailed by these intermediaries on account of the vicissitudes of climate and markets. The agents, however, undertook the risk in order to capture the market. In fact, before 1932, when the Land Bank was formed, there were a large number of such small concerns reported in Nairobi, calling themselves agents, without any sound financial backing, who indulged in a scramble to finance planters in order to get a lien on handling their crops.[3]

Before the settlers could centralize the marketing of their coffee at Nairobi, there was already a strongly vested industry in the marketing side of the industry in London for the planters to contend

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[1]Kenya Weekly News, 19/6/1931 and 3/7/1931.

[2]Hill, op. cit., p. 232.

[3]Ibid.

with. Thus, when the newly formed Coffee Board of Kenya,[1] representing settler coffee growers, made attempts in 1933 to develop co-operative marketing,[2] these interests came out strongly against their proposals. The growing antagonism between the coffee planters and the agents of coffee merchants in Nairobi led to the withdrawal of the latter from representation on the Coffee Board and the formation of an independent Coffee Traders Association in Nairobi in 1934.

In July 1934, the coffee planters decided to adopt a proposal of the Coffee Board for a co-operative scheme entailing centralized marketing of coffee in bulk of definite grades. This scheme envisioned the formation of a planters co-operative organization to be centred in Nairobi, controlling the distribution of coffee marketed in London and Nairobi, and an exchange in London to act as a sales organization.[3] Unification of the marketing channels would, obviously, reduce the

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[1]The Board was formed after years of deliberation and discussions among planters and government officials regarding the kind of organization necessary. The Board was a semi-official body consisting of coffee planters and government representatives and was formed under the Coffee Industry Ordinance of 1932. The arabica coffee trading interest was also represented on the Board until 1934.

[2]Prices for coffee were relatively low then and considerable dissatisfaction was reported existing among coffee growers with the existing system of marketing. Kenya Weekly News, 6/10/1933 and 20/10/1933.

[3]A similar scheme in 1931 for the formation of a Kenya Co-operative Coffee Association along the lines of Kenya Farmers Association had been drawn up by a section of settler coffee planters but had to be abandoned because it was not unanimously supported by all planters. Hence, instead the Coffee Board was formed, as outlined above.

marketing costs for the settlers.[1] As was to be expected, "...the attitude of the agents was definitely antagonistic and unhelpful to the organization proposed by the Board."[2] Even the settler coffee planters in Kenya were divided on the proposed scheme of controlled marketing, especially those growers of high grade coffee who had built up a reputation on the London market. They feared that they would suffer financially if their coffee was merged in a common pool and sold under a centralized marketing system.[3]

The proposed scheme of centralized marketing proved too ambitious and had to be greatly modified, although the settlers won substantial concessions regarding the marketing of their coffee. A direct sales organization controlled by planters was impractible for a number of reasons. In many cases, retailers of coffee were financed by London wholesalers. Hence, such a scheme would have involved the financing of large stocks in London. Similarly, the overhead costs of distributing a single product to a multiplicity of small traders would have been too high. In March 1935, a compromise was reached between the producers and traders when the Coffee Board of Kenya established an auction market operated by a public non-profit company to encourage and provide for the independent sale of coffee in Nairobi.[4]

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[1] Mombasa Times, 2/10/1934. Annual Report of the Coffee Board of Kenya for the Year ended 30th June, 1935.

[2] Mombasa Times, 2/10/1934 and 29/7/1935.

[3] Some of the planters also feared boycott by agents in London if the Board went ahead with its scheme.

[4] Kenya Weekly News, 1/3/1935. Local coffee auctions, however, had also been started in Nairobi as early as 1933 by J. G. Aronson, a

Nairobi thus rapidly developed as the coffee marketing centre for settler produced arabica coffee in Kenya, largely as a result of settler pressure. The local buyer or dealer in Nairobi became more important. The role of the London merchant houses in their consignment business declined except for a small number of planters who had built up a reputation for the high quality of their particular estate's product. Only the best coffee was now shipped to London, since it offered the highest prices for the best qualities of arabica. Besides handling and financing the London consigned crop, the more important role of the commission agents in Nairobi now was to handle and finance the locally sold crop.[1] The coffee was sold on behalf of the growers either on the Nairobi coffee auctions or direct to buyers in Nairobi. The latter bought it outright on their own account for sale abroad through their own agents in New York or London or against orders from wholesale importers in the consuming countries on a commission basis.[2] Tanganyika

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Nairobi firm of brokers and manufacturer representatives that had been established in 1911.

[1]The most important of these firms were Dalgety and Co.; Arbuthnot, Latham and Co.; and John K. Gilliat and Co. All three were registered in London and had parallel interests in the marketing of East African sisal. While the former had its own branch in Nairobi, the latter two were old established London merchant banking houses that were represented in Kenya, since the 1920's, by agents in Nairobi (Smith, Macrae and Johnson; and Milligan and Co., respectively). They financed estate crops, shipped them and sold them on the growers behalf. As in the case of coffee planters, the sisal estates were also heavily commited to these merchant houses. Report of the Economic Development Committee, 1934 (Nairobi: Government Printer, 1935), p. 56. K. Stahl, The Metropolitan Organization of British Colonial Trade (London: Faber and Faber, 1951), pp. 228-230.

[2]Two of these largest firms in Kenya were Edmund Shulter and Company; and Neumann, Gepp and Company. Both were leading firms in London coffee trade with their own channels of distribution, and had been established in Nairobi since the twenties.

settler estate and African produced arabica coffee from the Kilimanjaro region was handled by the Nairobi market in a similar manner.

7.2.2 Marketing of Robusta Coffee, Cotton and Hides

Marketing of robusta coffee was one of the most important functions of several Mombasa firms. The coffee was supplied to them on a basis of forward contracts by traders in Bukoba and Kampala.[1] As Table 7.4 shows, most of the coffee dealt with by the Mombasa coffee market was low grade Uganda and Tanganyika African produce, in contrast to Nairobi, which was the prime centre for marketing arabica coffee.

Formerly, most of the robusta coffee was exported in parchment to London and disposed of to distributors on forward contracts or auctioned on the open market at the Mincing Lane. By the 1930's, the coffee trade provided the basis for an infant industrial development in Mombasa when some of the well established firms such as the Old East African Trading Company established coffee processing facilities there (Table 7.5). A further stage in the evolution of the coffee trade at Mombasa was the establishment of a local auction market for robusta coffee under the auspices of the Mombasa Chamber of Commerce since the role of London as an entrepot market for coffee was on the decline. Yet, a considerable amount of coffee was still disposed of by Mombasa firms to foreign buyers by private agreement.[2]

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[1]The more important of these firms were Leslie and Anderson; W. G. Reid and Company; and the Old East Africa Trading Company, all foreign trading firms. The Indian firms were Sheriff Jiwa and Company; Abdualla Kanji; Bandali Kanji; Jamal Ramji and Company; Merali Deraji; Chunibhai Patel; and Maneklal Popatbhai.

[2]Kenya Weekly News, 5/12/1937. This was taken as an indication of the flourishing state of the Mombasa coffee market.

Even though the Mombasa coffee firms became members of the Coffee Traders Association of Kenya, the Association was largely controlled by the Nairobi based coffee traders. This is evidenced by the fact that the Association was opposed to the establishment of coffee auctions in Mombasa.[1] In fact, as early as 1931, the Nairobi coffee merchants, with the aid and support of the Department of Agriculture, had made unsuccessful attempts to make Nairobi the coffee marketing centre of East Africa for all types of coffee and thus to encourage the trading of robusta coffee from Uganda and Tanganyika on the Nairobi market.[2] In 1936, the Coffee Traders Association again "made a strong attempt to divert the long established coffee trade of Mombasa to... Nairobi, hoping to create a monopolistic position under the disguise of a Centralisation issue."[3] These attempts were met by the Mombasa merchants with strenuous and successful opposition.

Many Mombasa firms which handled robusta coffee also had a complementary interest in the hides and skins trade. This trade, of a long standing and based on high cattle mortality due to old age and starvation among the pastoral societies in East Africa, in fact still formed the backbone of many business houses in Mombasa, both large and

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[1] In December, 1935, the Coffee Section of the Mombasa Chamber of Commerce had proposed that coffee auctions be established at Mombasa as well. Strong representations were made by the Coffee Trade Association against this, arguing that such a move would be premature. Even the Kenya Coffee Board, representing the settler planters, was against this proposal. Hence, the Mombasa Chamber had to establish its own independent auctions. Mombasa Times, 18/12/1935 and 23/1/1936.

[2] Kenya Weekly News, 19/5/1933; Hill, op. cit., p. 96.

[3] Mombasa Times, 31/1/1936.

small.[1] Its advantage lay in the fact that the supply of hides and skins, unlike that of coffee or cotton, was assured. This trade also ~~had~~ the advantage that its supply was greatest during the dry season when ~~other~~ agricultural produce was scarce. It thus maintained a circulation of money throughout the year ~~and hence tied the business~~ houses over a period of temporary stagnation.

Mombasa served as the chief bulking and grading centre for the East African hide trade.[2] As in the past, hides were brought to Mombasa merchant houses under the *shelabela* system of trade (batch sale irrespective of quality) whereby

> The native producer sells to an itinerant trader who sells to the nearest duka who sells to a bigger buyer or to the exporter usually through an agent....In many cases, hides and skins are forwarded in repayment of an advance in cash or kind.[3]

The quantity of hides and skins thus gradually accumulated as it approached the coast.. The importance of Mombasa as the centre of the East African hide market is indicated by the fact that generally all Tanganyika hides and skins, including those exported through the port of Dar es-Salaam, were exported as "Mombasa".

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[1]The most important of these firms were the African Mercantile Company; the Old East Africa Trading Company; and Twentsche Overseas Trading Company.

[2]Hide grading required considerable skill and the exporting firms had to have a standard and strict selection depending upon the market to which the hides were being consigned. Thus, for instance, the Liverpool importers demanded highest standards while Antwerp importers were less strict. *Mombasa Times*, 15/10/1933. Hence, many of the hide buying and grading agents for these firms were Arabs and Somalis.

[3]*Mombasa Times*, 19/10/1931.

Mombasa was also the marketing centre for cotton, the other staple export produced by African peasant farmers in the lake basin enclave in Uganda and Tanganyika. It was remarked in 1931 that

> The Uganda cotton season is without doubt a most important time in the life of Mombasa. The big houses here both market and handle the product and a bad season in Uganda has its inevitable reaction on Mombasa and vice versa.[1]

Mombasa bazaar firms indented for imports and made contracts for selling produce based largely on their expectations about the forthcoming crops in Uganda. The Uganda "cotton season" was considered one of the more important factors governing trading conditions in East Africa, and the fluctuations in the Mombasa bazaar were determined by varying crop reports from Uganda.[2] Hence, trade in imports of cotton piece goods and exports of African produce that was organized from Mombasa were closely interdependent. As happened frequently, if the expectations about the forthcoming seasons did not materialize, Mombasa import and bazaar firms were left saddled with heavy stock. For instance, it was reported by the Mombasa Times in 1929 that plague in Uganda and the collection of Hut Tax in the Kisumu region of Kenya had lessened the purchasing power of peasant producers and thereby lessened the demand for cotton piece goods in the Mombasa bazaar.[3]

It is significant to note that Mombasa based firms still retained to some extent their control over the cotton trade of Tanganyika despite the extension of the Central Tanganyika railway line to Mwanza in 1928,

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[1] Mombasa Times, 16/2/1931. Editorial.

[2] Annual Trade Report of Kenya and Uganda for the Year ended 31st December, 1926.

[3] Mombasa Times, 15/2/1929; 24/4/1929; 16/11/1929.

thus giving the Tanganyika port of Dar es-Salaam access to the lake basin. For example, the Committee on Closer Union observed in 1931 that "Though most of the cotton from Mwanza goes south, some of it may go north simply because the man who has bought it has got his business in Mombasa."[1] This illustrates the importance of the pattern of commercial organization of firms that had been built up in East Africa based on Mombasa since the 1890's. During the interwar period, Mombasa had also come to acquire external economies in the form of harbour facilities superior to other rail terminals on the East African coast such as Dar es-Salaam and Tanga.[2] In a similar manner, several of the Mombasa firms combined their main interest in import/export trade with subsidiary interests in shipping, insurance and clearing and forwarding business. These facilities were not available as readily at other coast ports. Development of such external economies at Mombasa helped the firms located there to perpetuate and extend long-distance trade linkages that had been built up during the pre-war period. Thus, Mombasa was enabled to withstand the increasing competition from other coast ports, particularly Dar es-Salaam, which was connected by railway to the lake basin enclave during the interwar period.

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[1] Joint Parliamentary Committee on Closer Union in East Africa, Vol. II, op. cit., para. 1917.

[2] For a discussion on growth of port facilities in East Africa, see B. S. Hoyle, Seaports of East Africa (Nairobi: East African Publishing House, 1967).

7.3 Resumé

The locational pattern of the wholesaling function associated with the marketing of agricultural produce that emerged in Kenya during the interwar period was, to a large extent, a reflection of information availability for catering to the produce marketing needs of the settler and peasant enclaves. As in the prewar period, Mombasa continued to be the marketing centre for produce from the lake basin enclave. At the same time, in response to the emergence of an economically fragile but politically powerful enclave of settler agriculture in the White Highlands of Kenya, a forward projection of this function also took place from Mombasa to Nairobi (and, to a lesser extent, Nakuru) to cater to the produce marketing requirements of this new enclave. Consequently, a bipolarized location of wholesaling emerged during the interwar period focussed on Mombasa and Nairobi. The inapplicability of an explanation based on the process of threshold fulfillment is once again demonstrated; Mombasa's mercantile community handled agricultural produce from the lake basin enclave which lay beyond Nairobi and the White Highlands.

Nairobi developed an entrepot function with respect to the organization of wholesale trade in agricultural produce on account of its role as the produce marketing centre for the White Highland settler enclave. One of the chief reasons for this development was the marketing of settler produce in the Highlands to be centralized under the aegis of settler produce marketing agencies. Growth of these agenc[illegible] in the Highlands was initially brought about by the need to provide for an export outlet for settler cereal and dairy produce.

Special marketing agencies became necessary since, on the one hand, settlers refused to accept the peasant system of marketing their produce through Indian intermediaries based in Mombasa, and, on the other hand, they persistently complained about the paucity of suitable produce marketing facilities at Nairobi. The growth of settler marketing agencies based on Nairobi and Nakuru can thus be seen as an effort by the settler farmers in the Highland enclave to fill this gap. Largely through political maneuverings by settlers, eventually a commercial intelligence complex developed in Kenya, centred on Nairobi, to market settler crops.

Settler produce, unlike African produce from the lake basin enclave, was amenable to centralized marketing through special marketing agencies for a number of reasons. Crops such as wheat and pyrethrum were produced in very large quantities by a handful of producing units. The settlers thus produced in bulk a standard product which could be easily graded for sale on an international market. Centralized marketing was also necessary so as to maintain high and uniform quality standards for certain settler export crops such as pyrethrum. The produce was sent directly from the farm to Nairobi or Nakuru where it was partly processed, graded and baled to be forwarded to the wharf for export. But even more important, settlers in Kenya had to have control over marketing their produce because of the economically unsound basis of the agrarian settler enclave. This became evident during the 1930's when low export prices for settler cereal and dairy produce demanded an increasing internalization of the respective wholesale trade. Competition in marketing settler produce was now inadmissible; the settlers had to exercise control over the export as well as the domestic market for their produce. To this end, the settler marketing agencies provided a useful medium, thus giving further importance to the entrepot role of Nairobi.

The case of settler produced arabica coffee was different. Unlike their cereal and dairy produce, London merchant houses through their Nairobi agents financed and arranged for the sale of Kenya coffee in London, the world coffee market, and therefore had developed a vested interest in the marketing side of the settler coffee industry. For this reason, settlers were unable to centralize the marketing of their coffee in a manner that the KFA marketed settler cereals. But after 1934, due to settler pressure to have greater control over marketing their coffee coupled with the decline of London as the entrepot market for coffee, Nairobi developed as the marketing centre for Kenya arabica coffee with the establishment of coffee auctions.

African peasant produce from the lake basin enclave, which unlike settler produce was destined entirely for an export market, continued to be marketed, as during the pre-war days, from Mombasa. This was largely a reflection of the pattern of commercial expansion over the East African hinterland since the 1890's and the associated pattern of commercial organization of firms based on Mombasa.

African peasant produce, such as robusta coffee, cotton and hides and skins came in small quantities from innumerable small scale producing units. It passed through a series of bulking points of increasing size (farm, roadside, markets, trading centres, regional entrepots), before it reached Mombasa, the seaward terminus of the most direct railroad link of the lake basin enclave with the coast. Here, it was graded according to the type of market to which it was destined and then disposed of by one of the European or larger Indian firms through their branches or agents in London, New York, Bombay, etc. These firms also were involved in the import trade in cotton piece goods and, in fact, the two trades were to a considerable extent inter-dependent.

During the interwar period, Mombasa's function as the produce marketing centre for the lake basin in face of increasing threats of competition from other coast ports such as Dar es-Salaam, had been further extended by the growth of external economies. These took the form of superior harbour facilities and insurance, shipping, and clearing and forwarding services that came to be available at Mombasa.

TABLE 7.1

Kenya: Traffic on Branch Lines (in Tons)

Year	Thika-Naro Moru	Solai	Kitale	Gilgil-T. Falls	Naro Moru-Nanyuki	Kisumu-Yala
1927	38.273	25,579	34,084	-	-	-
1928	35,367	13,013	50,851	-	-	-
1929	35,883	7,230	58,407	1,455[a]	-	-
1930	40,177	32,604	79,721	5,541	1,190[b]	3,125[c]
1931	39,518	24,994	57,454	6,441	5,641	10,990

[a]For four months.

[b]For three and a half months.

[c]For two months.

SOURCE: Kenya-Uganda Railways and Harbours, Annual Reports.

TABLE 7.2

Expansion of the Kenya Farmers Association

(i) Membership, Paid-up Capital and Trading Sales

Year	Membership	Paid-up Capital (£)	Trading Sales (£)
1919	70	1,500	-
1930	809	38,154	100,000
1945	1,651	234,069	553,565
1950	3,023	863,086	1,621,148
1955	3,891	1,406,946	3,560,000
1960	3,950	1,409,894	5,000,000

(ii) Principal Crops Handled for the Members

Year	Maize (Bags)	Wheat (Bags)	Sunflower (Bags)	Wool (£)	Barley (Bags)
1919	22,304	-	-	-	-
1930	1,211,186	221,144	-	-	-
1945	538,266	528,826	-	-	27,321
1950	634,854	1,107,050	-	-	43,794
1955	879,055	1,247,223	25,750	-	72,539
1960	784,346	1,322,244	86,877	75,450	187,398

SOURCE: D. Vaugham-Philpott, "Role of KFA in the Development of Co-operative Movement in Kenya," Memorandum dated 14th July, 1962, Nakuru, Kenya.

TABLE 7.3

Expansion of the Kenya Co-operative Creameries

Year	Membership
1932	311 members
1937	511 members
1940	758 members
1946	1,071 members
1956	2,243 members

SOURCE: M. F. Hill, Cream Country: The Story of KCC Ltd. (Nairobi: KCC, 1956).

TABLE 7.4

Quantities of Hulled Coffee Dealt with by Mombasa Trade, 1935 and 1936

(a) 1935			Tons
(1) Kenya coffee			2,500
(2) Tanganyika coffee			
(i)	Moshi	1,250	
(ii)	Arusha	1,250	
(iii)	KNCU	2,000	
(iv)	Bukoba Arabica	2,500	
(v)	Bukoba Robusta	7,500	14,500
(3) Uganda coffee			
(i)	Bugisu Co-operative Union	500	
(ii)	Uganda Arabica	2,500	
(iii)	Uganda Robusta	5,000	8,000
TOTAL			25,000
(b) 1936			
(1) Kenya			5,172
(2) Tanganyika (excluding Bukoba)			4,757
(3) Bukoba Native			5,169
(4) Bukoba Plantation			2,211
(5) Uganda Native			2,993
(6) Uganda Plantation			785
(7) Uganda (other sources)			2,149
(8) Miscellaneous			455
TOTAL			23,691

NOTE: Data for the year 1936 excludes the trade of one export house, which failed to supply the data.

SOURCE: Mombasa Times, 23/1/1936 and 20/1/1937.

TABLE 7.5

African Labour Employed in Mombasa, 1933

Employer	Approximate Number of Workers Employed
Railway and Port	800 men
Contractors, Stevedores and Shipping	300 men
Municipality	400 men
Public Works Department	200 men
Old East Africa Trading Company:	
Coffee Curing Factory	100 men
Hide Curing Factory	300 women
Soap Factories	40 men
Domestic Servants, Office and Shop Boys	4,800 men
Dairies	300 men
Dhow and Fishing Trade	200 men
Miscellaneous	500 men
TOTAL	7,940

SOURCE: Mombasa District, Annual Report, 1933.

CHAPTER VIII

CONCLUSIONS

However interesting an essay on the detailed historical aspects of the wholesale-trading complex of Kenya may be, sight must not be lost of the broader conceptual context within which this complex has evolved to enable a true comprehension of the factual events that have been revealed so far. In this final chapter, the different strands of the study are gathered in an attempt to weave them into a meaningful fabric of modelled generalizations which have emerged as a result of this investigation. A brief discussion on possible planning policy implications and proposed related research will conclude this chapter and, also, this study's analytical examination of the function of mercantile intermediaries in the emergence of commercial and urban primacy of Kenya's two major cities, Nairobi and Mombasa.

8.1 Summary: The Evolution of The Locational Pattern of Wholesaling in Kenya

The specific objective of this study, as stated in Chapter I, was "to provide an analytical explanation and conceptualization for the location of the mercantile intermediary function of wholesaling in Kenya, particularly with respect to processes that have shaped its locational patterns." Based on the findings of this study, the spatial morphology of wholesaling in Kenya can be interpreted in terms of three major factors: (a) information availability, and, associated with this, (b) innovations in transportation and communication technology and the pattern of route development, and (c) innovations that have expanded the country's export base. The nature of each of these factors and its relative significance for the location of the wholesaling function in Kenya will be evaluated here. It should be noted, however, that these factors are closely interrelated and, therefore, do not operate in isolation from one another.

8.1.1 Information Availability

The availability of information is vital to the location of wholesaling activities. The wholesale trade of any city will tend to expand in direct proportion to the relative advantage that city's merchants have in the availability of commercial intelligence. Improvements in the availability and flow of information will assist in the expansion of the trade area of the wholesaling centre on which this communication flow is based at the expense of other centres, while changes in the pattern of communication will lead to locational shifts of the wholesale-trading complex.

Beginning in the 1830's, Zanzibar emerged as the primate entrepot of long-distance trade in East Africa. Polarization of wholesaling activities on Zanzibar then was to a large extent a function of its superior information availability compared with other port cities along the East African coast. Its ruler was tolerant towards alien traders, and he, himself, was deeply involved in long-distance trade. It was largely through the initiative of Indian traders resident at Zanzibar and Indian finance that the diffusion of the

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long-distance trading frontier had been achieved on the East African mainland. The caravan system of trade that was organized from Zanzibar through Indian entrepreneurship and based on kinship and communal networks made Zanzibar the conflux of information pertaining to this trade. For this reason, East Africa's external trading partners found it most convenient to deal with Zanzibar merchants. Zanzibar thus developed as the point of attachment for the European and American firms that supplied East Africa with cotton cloth ("merikani") and bought its ivory. They tapped the intelligence potential at Zanzibar initially through infrequent shipping links followed by representation through resident agents once regular trading connections became established. Subsequently, in the 1870's, these links were strengthened through the telecommunication and steam-ship mail service when Zanzibar was included in the international cable system and when a regular mail steamer service was inaugerated with Europe and India. As a result, Zanzibar's information superiority was further enhanced compared with other East African coastal ports. This, in turn, led to an increased polarization of the intermediary function on Zanzibar.

The concentration of mercantile intermediaries at Zanzibar was further encouraged by the periodic nature of long-distance trade handled by them. Periodicity of this trade, which was a result of the fact that demand for trade goods in the interior was normally accumulated over a relatively long time period, made it necessary for merchants located at Zanzibar to cater to a very large trading area. Competition among these intermediaries was carried out not by dismemberment of the trading area but from within Zanzibar in the form of credit terms offered which made information availability imperative. The nature of information exchange associated with this trade and financing practices was largely of a non-routine and oral nature and hence demanded face-to-face contact.

Towards the end of the 19th century, the entrepot function associated with long-distance trade shifted from Zanzibar to Mombasa, and, consequently, Zanzibar gradually declined. By the end of the first two decades of the 20th century, Mombasa had replaced Zanzibar as the primate entrepot of East Africa. Even more important, in terms of present-day locational pattern of wholesaling in Kenya, was the emergence of Nairobi during the interwar period as an entrepot centre, equal in importance to Mombasa and despite its existence already as an important entrepot for East Africa. The aforementioned shift of the entrepot function to Mombasa and the subsequent forward projection to Nairobi markedly affected the evolution of the locational pattern of wholesaling in Kenya. This development was largely a function of information availability which was associated with simultaneous innovations in transportation and communication technology and the related pattern of route development and also innovations in, and expansion of, the export base.

8.1.2 Innovations in Transportation and Communication Technology and the Pattern of Route Development

Improved transportation technology, like improved communication technology, enhances the locational importance of a centre whereas a changing pattern of route development associated with these innovations will alter this importance in relation to other centres.

The collapse of the caravan system of trade in East Africa consequent on the European scramble for Africa cut off the supply of commercial intelligence to Zanzibar merchants. Zanzibar's role as the East African entrepot thereby became increasingly redundant. Innovations in transportation and communication technology in East Africa precipitated a change in long-distance trade from the caravan to the railway and telecommunication mode at the turn of the century. This reduced the friction of distance on the mainland for moving goods and for commercial intelligence and, thereby, increased the range and scale of long-distance trade to an extent never envisaged or possible before. Lowering of friction of distance also increased the speed and reliability of demand satisfaction for imported goods as well as agricultural produce for export. Such demand now came to be accumulated regularly on a yearly basis of growing seasons. Long-distance trade was thereby put on a more organized basis compared with that which prevailed during the 19th century.

The pattern of route development associated with innovations in transportation and communication technology brought about a locational shift of the wholesale-trading complex in East Africa from Zanzibar, the seaward terminus of the caravan routes into the interior, to Mombasa, the seaward terminus of the Kenya-Uganda railway and telecommunication corridor. The fact that a complete re-orientation of long-distance trade from the "human" (caravan) to the "mechanical" (telegraph and railway) corridor took place attests to the superiority of the latter means of communication and locomotion. Such a re-orientation was also possible because of the very limited extent to which urban and related infrastructure had been laid out and diffused from the caravan transportation corridor in central Tanganyika.

In a manner that has been described in the Taaffe, Morrill, Gould model,[1] Mombasa gradually established its superiority over other East African coastal ports. Compared with other coastal ports, the railway and telecommunication line significantly reduced hinterland transportation and communication costs for Mombasa and, at the same time, provided it with access to a potentially rich export producing area in the lake basin. Further increases in Mombasa's nodality were brought about by the inward extension of the Kenya-Uganda railway thus embellishing the commodity sources and market outlets for Mombasa compared with other ports such as Zanzibar and Dar es-Salaam.

The emergence of Nairobi as a major entrepot centre was closely related and similar to Mombasa's <u>raison d'être</u>. It was mainly Nairobi's strategic position at the entrance to the White Highlands of Kenya, along the Kenya-Uganda railway, that endowed it with a superiority of information related to settler trade. As a result, a forward projection of certain wholesaling functions took place from Mombasa to Nairobi. Nairobi's development as a distributing centre for East Africa (consequent on the increasing internalization of wholesale trade in settler agricultural produce and the organizational adaptations in the import trade handled by agent middlemen) was facilitated by its nodal position within the emerging East African transportation network.

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[1]Taaffe, Morrill and Gould, <u>op. cit.</u>

8.1.3 Innovations in, and Expansion of, the Export Base

Changes in the staples of long-distance trade and consequent innovations and expansions in the export base of mercantile cities is the third factor influencing the location of the wholesale-trading complex. Destruction or reduction of the traditional export base of such a city may bring about its decline and a shift of the wholesale-trading function to another city as long-distance trade in alternative staples is developed. Such innovations in the export base and the engendered locational shifts of wholesaling are a reflection of the broader process of economic development and, more particularly, the spatial incidence of this development process, as reflected in the location of enclaves. Thus, a geographical shift in the pattern of enclave location (associated with innovation in transportation and communication technology and the pattern of route development), may bring about a shift in the location of wholesaling activities and will necessitate the development of a new intelligence system for catering to the new system of long-distance trade.

As has been pointed out, Zanzibar's importance as the entrepot of long-distance trade in East Africa derived from the fact that an intelligence complex had developed there for long-distance trade in ivory, slaves and "merikani". Trade in all three of these commodities was inter-dependent because it was based on "commodity combining", a characteristic feature of pioneer economies. Consequently, the abolition of slavery led to a decline of this long-distance trade. Collapse of the caravan system of transportation and communication, in turn, deprived Zanzibar merchants of the information superiority pertaining to this trade and brought about the demise of Zanzibar's entrepot function.

When trade in African produce from the newly developed lake basin enclave of African peasant agriculture came to replace trade in ivory and slaves, Mombasa emerged as the new intelligence centre for this trade with the staples being robusta coffee, cotton and imported cotton piece goods. In response to this, a shift of the entrepot function from Zanzibar to Mombasa took place, and most of the new firms participating in this trade in East Africa also chose to locate at Mombasa.

The process of growth of Mombasa's wholesale-trading complex was a recursive one. Compared with other mainland port centres, Mombasa developed as the superior intelligence centre for the location of intermediary activities due to an early start and accessibility to a much larger and productive hinterland by virtue of its location at the seaward terminus of the Kenya-Uganda railway and telecommunication corridor and the associated pattern of Indian commercial expansion over its hinterland. The advantage of superior information availability at Mombasa for catering to the African peasant trade in the lake basin enclave was subsequently reinforced by the increasing agglomeration of firms participating in the expanding export/import trade as merchant intermediaries and financiers. Proliferation of the activities of these firms coupled with progressive diffusion of the trading frontier through the medium of the Indian trader and the extension of the transportation network in the lake basin enclave led to the continuing expansion of long-distance trade. This, in turn, established an increasing information superiority of Mombasa for the lake basin trade and led to a further expansion of its intermediary function.

As had been the case with Zanzibar during the preceding century, continued polarization on Mombasa of the intermediary function associated with long-distance trade was further enhanced by the periodic nature of this trade. This has been demonstrated with respect to the organization of import trade in cotton piece goods and export trade in African agricultural produce such as hides, robusta coffee and cotton (import and export trade, to a large extent, were interdependent and normally handled by the same firms). The formalization of ties between Indian merchants in Mombasa and their clients in the interior was made possible as a result of kinship and communal networks on the basis of which this periodic trade was organized. Thus, these transactions became largely routine and could be conducted by post and telecommunication. On the other hand, transactions between Indian merchants in Mombasa and European trading firms represented at Mombasa which supplied imported trade goods and bought produce for export were of a non-routine nature, emphasizing the need for personal contact, as had also been the case in Zanzibar. This was made evident by the credit financing system which had evolved in East Africa and on the basis of which long-distance trade was then organized.

The development of an entrepot function at Nairobi during the interwar period was largely due to the different information inputs required for the long-distance trade serving the enclave of settler agriculture in the White Highlands of Kenya. This enclave was of a relatively recent origin compared with the lake basin enclave. It also differed from that enclave of African peasant agriculture in that it was based on European settlers from Britain and South Africa who produced a few specialized staples such as arabica coffee, pyrethrum and wheat on a large scale. Compared with the lake basin enclave in Uganda and Tanganyika, the settler enclave in Kenya was economically fragile since it had been built on an artificial and very weak economic base. Because of the high degree of uncertainty involved in the export/import trade generated by this enclave, large information inputs were required to cater to this trade. Moreover, this information was of a different type from that which was available at Mombasa since Mombasa was mainly preoccupied with lake basin trade. Mombasa was also unable to provide such information because, to a certain extent, racial factors prevented the communication of intelligence related to settler trade to Mombasa firms. Mombasa thus provided rather limited locational incentives to firms catering to this trade, while Nairobi, which was already the social and political capital of the settler colony and located at the entrance to the White Highlands along the Kenya-Uganda railway, provided superior locational incentives. Chiefly for these reasons, a forward projection of certain wholesaling functions took place from Mombasa to Nairobi. This projection has been demonstrated with respect to the distributive trade in imports other than cotton piece goods and the wholesale trade in settler agricultural produce. Subsequently, with the increasing internalization of trade in settler agricultural produce and the organizational adaptation necessitated with respect to import trade in East Africa handled by agent middlemen, the hinterlands of Nairobi and Mombasa became to a certain degree overlapping.

8.2 Wholesaling in Kenya within Its Conceptual Context

The interpretation that has been presented in this study with respect to the location of wholesaling in Kenya differs significantly from that offered in Christaller's central place theory which had been frequently taken to be an all-encompassing explanation of the structure and role of urban centres. It is also different from a similar explanation given by Gras as part of his model of "metropolitan evolution". The essential idea in both of these endogenic models is the process of "threshold fulfillment" (although Gras does not express it as such) leading eventually to the creation of independent commercial centres.

The location of wholesaling has been explained in this study largely as a function of information inputs necessary for catering to the different systems of long-distance trade that have developed in East Africa. While Zanzibar has lost its entrepot function with the demise of the caravan system of trade based on ivory, slaves and "merikani", the present-day bipolar location of the entrepot function on Mombasa and Nairobi is a reflection of their development as strategic points in the railroad and communication network and as independent points of attachment for the lake basin peasant enclave and the Highland settler enclave, respectively, to the outside world. One can only conjecture what would have been the case if in Kenya an African peasant enclave had developed (as in the lake basin in Uganda and Tanganyika) instead of a settler enclave; it may be very likely that because of their similar information requirements, the entrepot function would then have been concentrated entirely in Mombasa. The extent of commercial primacy in Kenya in that case would have been much more pronounced. Nairobi's development received a considerable political and socio-economic boost from the settlers who felt threatened as to their economic and political security. Greatly outnumbered by other races, they were anxious to preserve at all costs their dominating position. Mombasa, from their viewpoint and from the viewpoint of some of the early officials, was an "oriental" and "native" city, and this, in fact, had been the chief reason initially for moving the political capital to Nairobi as early as 1907. The development of Nairobi as the commercial capital of the settler colony was a natural consequence of this.

In light of the foregoing, the locational evolution of wholesaling in Kenya seems to correspond to a similar explanation that has been offered for the distribution of Canadian financial communities by Code.[1] With respect to the location of financial intermediaries, he has shown that a forward projection from traditional to new decision-making centres may take place as a result of the inadequate flow of intelligence to existing traditional centres from a new, spatially removed market. The evolution of a new financial centre is thus seen as being primarily a function of the demands for information of a particular activity and the relative availability of necessary, immediate and up-to-date information in an existing node as opposed to new sites nearer to the frontiers of development.

There are also broad similarities between the locational evolution of wholesaling in Kenya and Vance's mercantile model of

[1]Code, op. cit., pp. 319-323.

settlement based on the evolution of wholesaling in America.[1] His model shows that the prime cause of the location of wholesaling activities (and the related pattern of urban development) was a function of the requirements of the external trading system. Such a location pattern tends to maintain itself, to some extent, even at subsequent stages of development when long-distance trade becomes internalized and wholesaling decision-making begins to reflect consumer orientation rather than an orientation to the suppliers of trade goods. That such a similarity should arise between the evolution of mercantile intermediary activities in North American and Kenya is not surprising. These activities have a common genesis and their locational patterns have evolved within exogenous systems in response to the need for information availability.

Major differences in the process of evolution of wholesaling portrayed in this study and those of Vance and Code arise largely from the different socio-political contexts within which the mercantile system of Kenya has developed compared with those of North America or Australia.[2] The racially plural society within which wholesaling has evolved in East Africa has had several implications regarding its locational evolution. For instance, information availability to cater

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[1]Vance, op. cit., pp. 138-167. However, Pred's model of trade interaction between cities leading to bias in the circulation of information thus perpetuating rank stability, also based on a study of the early American urban system, is seen to be inapplicable to East Africa (Pred,(1973), op. cit.): On the contrary, for the period considered in this study, there was a pronounced lack of rank stability among commercially primate cities in East Africa.

[2]Rose's rudimentary model of urban primacy, based on the Australian experience, is also in many ways similar to those of Vance and Code. Rose, op. cit.

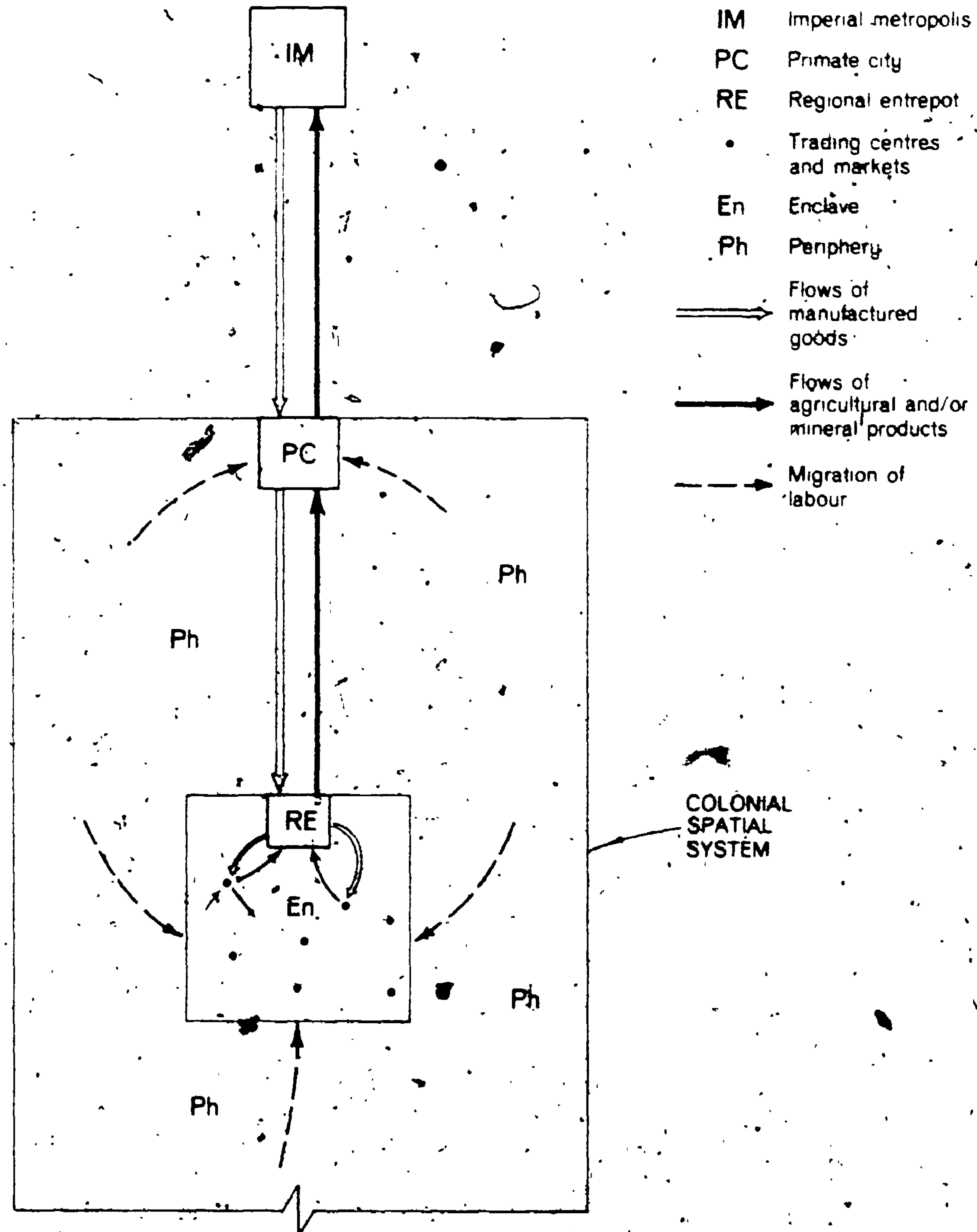
to the needs of the racially and economically distinct African peasant and European settler enclaves has been a major cause of the forward projection of certain entrepot functions from Mombasa to Nairobi. Even though some internalization of long-distance trade did take place in Kenya as a result of settler nationalism, still the bulk of emphasis has been on the development of an export economy and on increasing the extent of dependency of the East African colonies on the imperial metropolis.

8.3 Growth Model of The Wholesale-Trading Complex of A Primate City in A Colonial Spatial System

Using empirical evidence from this study, as well as the insights obtained from a wide range of literature pertaining to the location of mercantile intermediaries, an attempt is made in this section to interpret the continuous process of growth characteristic of the wholesale-trading complex of primate cities in colonial spatial systems.

The economic setting of a primate city in a colonial spatial-economic system is shown in Figure 8.1. Such a city serves as a point of attachment for the imperial metropolis, as an entrepot for the long-distance trade between the metropolis and the colony.[1] The mercantile

[1] Thus, a two-tier hierarchy of core-periphery relationship may be conceptualized. At the international level, the imperial metropolis forms the core while the colony forms the periphery. At the national level, the primate city along with the export producing areas form the core while the surrounding areas which have very few spatial linkages with the core (except for labour migration links) form the periphery. See Friedmann, "A Generalized Theory of Polarized Development," op. cit.



The Economic Setting of a Primate City in a Colonial Spatial System

Figure 8.1

FSM

community of this city usually develops as the receptacle for intelligence related to the conditions of supply and demand and distributive channels in the export enclave located in the city's hinterland. Such a mature community possesses organizations for intelligence collection, experience and a variety of agglomeration economies which are necessary for the efficient conduct of this long-distance trade. Agglomeration of wholesaling and related financial intermediaries in this city takes place primarily on account of the necessity for face-to-face contact for the acquisition of commercial intelligence, what is otherwise described as the process of market appraisal.

Growth of the wholesale-trading complex of such a city is in the first place induced by an export base, that is, an external demand for resources in its hinterland. The hinterland of such a city is typically located in an extra-regional enclave of staple agriculture or mineral production to which it is connected by major lines of penetration such as railways, highways, rivers, etc. These lines of penetration largely serve as a space bridging function between the enclave and the primate city. Viewed in its role as a growth pole, the spatial incidence of the growth impact of this city is chiefly felt in the enclave which may not be physically contiguous to the primate city. The region in which such a city is located thus may not experience any significant impact from this city.[1]

The long-distance trade handled by the intermediaries in this city is as much a collecting function as it is a dispersing function. It consists of collecting produce from the enclaves for shipment to

[1]As has been the case with Mombasa, for instance.

the metropolis and, in payment for this, of distributing manufactured goods, This dual function allows to carry on trade when the entrepreneurial profit from the conduct of either function might not be remunerative enough to carry on this trade.

The wholesale-trading complex of the primate city is often manned by foreign entrepreneurs, consisting of branches of trading firms, whose headquarters are located in the imperial metropolis, and of locally established bazaar firms owned by non-indigenous middle classes such as the Indians in East Africa, the Syrians and Lebanese in West Africa and the Chinese in Southeast Asia. The bazaar firms, through the commercial network that has been built up by them extending to the indigenous producers of staples in the enclave, provide the linkage between these producers and the foreign trading firms.

The wholesale-trading complex and related mercantile activities such as finance catering to long-distance trade constitute the most dynamic sector of the economic base of such a primate city as was also the case with early American mercantile cities.[1] Growth in other sectors of the city's economic base such as retailing and industrial development, is also a function of the dynamism of the wholesale-trading complex. For instance, most of the industrial development that may take place in such a city consists of either processing of export crops or import substitute industry, and is thus closely related to wholesaling. The capital input and entrepreneurship for such industrial development is usually provided by merchant middlemen from their trading profits.

[1]Pred (1966), op. cit., p. 178.

The dynamic processes by which the wholesale-trading complex of a primate city in a colonial spatial-economic system expands is portrayed in Figure 8.2.[1] The chief variable in this process of growth is demand for export staples in the imperial metropolis. Initial expansion of this demand leads to the establishment of wholesaling activities in the primate city; subsequently, increasing demand for export staples along with declining transportation costs determines the velocity of expansion of this complex.

The expansion of wholesaling activities of the primate city may assume the form of expansion of existing trading concerns or the creation of new business establishments. This, in turn, provides a stimulus for the expansion of the export enclave through pressure for better transportation and communication facilities to the enclave. Transportation and communication innovation or improvement eventually leads to this expansion and to further expansion of long-distance trade generated by the enclave. This culminates in accelerated expansion of the wholesale-trading complex of the primate city and, in turn, further pressure for better accessibility to the enclave.[2] The operation of this process is shown in the upper half of the diagram (Fig. 8.2) through a series of feedback loops.

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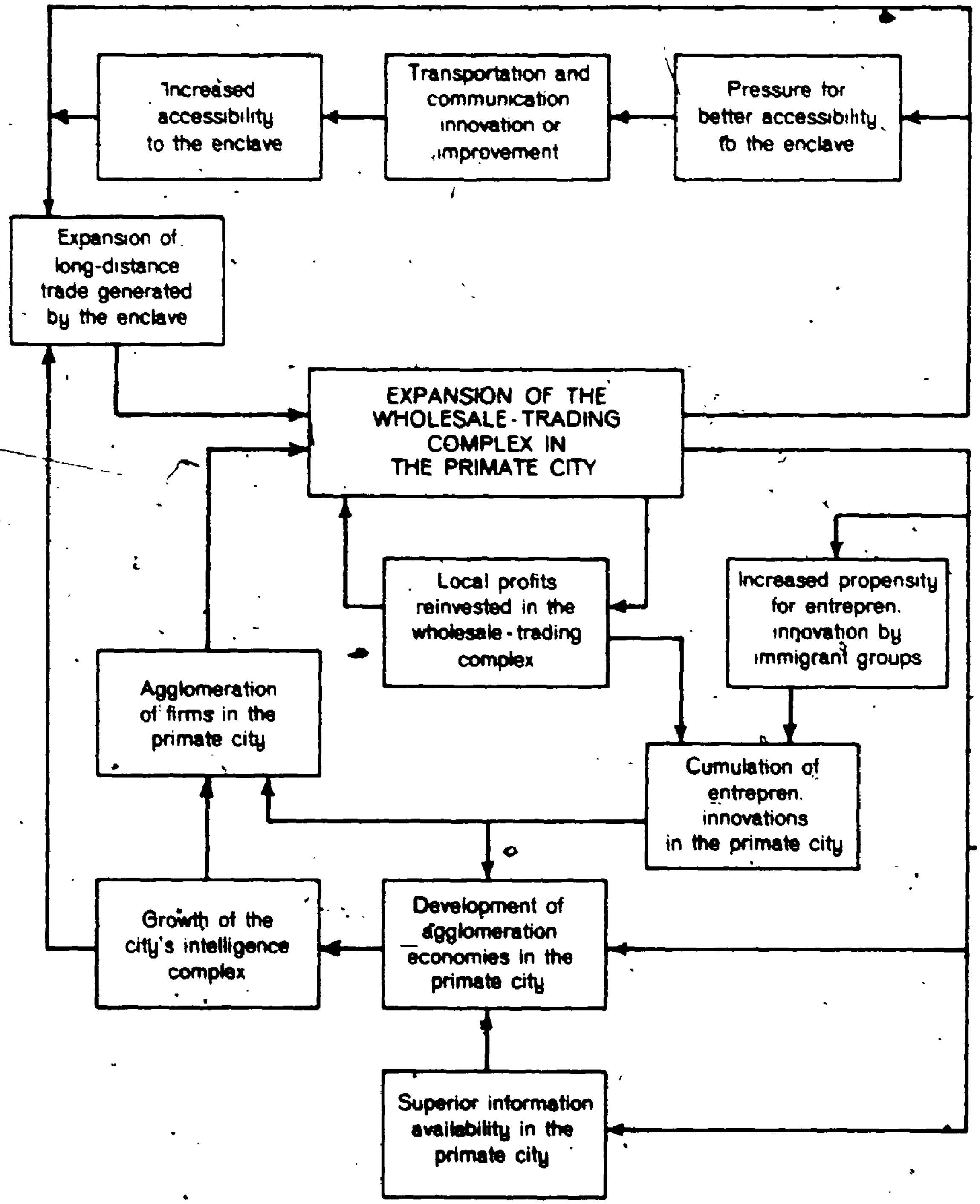
[1]Also, see Pred (1966), op. cit. It should be noted here that whereas Pred's model concerns itself primarily with the process of urban size growth of the individual American mercantile city, the model proposed here is mainly an attempt at describing the growth of the wholesale-trading complex of a primate city in a colonial spatial system.

[2]The existence of self-generating interactions through feedback relationships of this nature have also been noted by Taaffe, Morrill and Gould, op. cit., and Janelle, op. cit.

8-18



The Circular and Cumulative Process of Growth of the Wholesale-Trading Complex of a Primate City in a Colonial Spatial System

Figure 8.2

FSM

Other processes operating within the wholesale-trading complex of the primate city provide for further accelerated expansion of this complex through agglomeration of firms performing wholesaling and related function of financing long-distance trade. The operation of this process is described in the lower half of the diagram through a series of feedback loops which lead to agglomeration of firms in the primate city.

Expansion of the wholesale-trading complex of the primate city promotes superior information availability and the development of other agglomeration economies such as shipping and financial services, all of which serve as aids to long-distance trade.[1] This leads to the growth of the city's intelligence complex and thus to further agglomeration on the city and expansion of its wholesale-trading complex. Growth of the city's intelligence complex also leads to further expansion of long-distance trade and thereby expansion of the wholesale-trading complex.

Furthermore, the expansion of this complex also increases the probability for entrepreneurial innovations in the city by immigrant groups. Cumulation of such innovations in the primate city thus contributes directly to further agglomeration of firms and an expansion of the wholesale-trading complex. Indirectly, through the development of agglomeration economies in the city and growth of the city's intelligence complex, cumulation of entrepreneurial innovations, contributes also to the expansion of the city's wholesale-trading complex.

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[1]Besides the findings of this study, substantial support for this view is provided in the works of Vance, op. cit., Pred (1966), op. cit., and Code, op. cit., as discussed in Chapter II of this study.

Moreover, expansion of the wholesale-trading complex also leads to a share of the local middlemen profits being reinvested in the wholesale-trading complex. While branches of foreign trading firms in the primate city remit a major share of their profits to the imperial metropolis, most of the locally established bazaar firms invest their profits to increase their enterprise, and (at subsequent stages of increasing economic maturity) in export processing and import substitute industries located in the primate city. Reinvestment in the wholesale-trading complex leads to its further expansion. It also contributes towards cumulation of entrepreneurial innovations in the city and, via the resulting agglomeration of firms, toward further expansion of the complex.

8.4 Planning Policy Implications and Suggestions for Related Research

The general aim of the study, as stated in Chapter I, was "to further an understanding about the processes which lead to the phenomenon of commercial primacy in colonial spatial systems." The two related considerations that had prompted this study were expressed as: (a) "the possible inter-relationship between the long-term spatial evolution of mercantile intermediary activities and the emergence of commercial primacy in Kenya of Mombasa and Nairobi," and (b) "an apparent inadequacy in the application of the central place model of Christaller to explain satisfactory the locational evolution of mercantile intermediary activities in Kenya." This model is commonly accepted as a methodological framework for regional development planning in many underdeveloped countries, while an understanding about the processes which lead to the phenomenon of commercial primacy in these countries is, as yet, not clearly formulated. An attempt is made in this concluding section of the study to relate its findings to possible applications in the formulation and implementation of planning and development policies. Evidently, because of the lack of adequate research in this field in underdeveloped countries, there is considerable need for further research, specifically with respect to the relative significance of the role of the entrepreneur in the overall developmental process.

The study has clarified the broad structure of the spatial-economic system of East Africa. The origin of, and the intimate relationship between, commercial primacy (as expressed by the continuing dominance of Mombasa and Nairobi) and regional disparity (as reflected in the location of export enclaves surrounded by the periphery), has been demonstrated. Such a pattern of development, which is characteristic of colonial spatial-economic systems in general, differs significantly from that portrayed in the Christaller model of central place theory. The reason for this is that location of higher level intermediary activities such as wholesaling and finance is not adequately taken into account by the Christaller model. Whereas the Christaller model is based on the assumption of endogenous development, the locational evolution of mercantile intermediary activities in Kenya has taken place within an exogenous system. Only internally oriented and regionally integrated societies best approximate the Christaller model. One can use it for planning spatial systems in underdeveloped countries only if they are heading in that direction. In view of the fact that the extent of dependency of Kenya on an export based economy has not been significantly reduced since the country became independent over ten years ago, the existence of a high degree of commercial primacy should not be surprising. The findings of the study, therefore, raise a number of questions regarding the relevance of the central place model as a methodological framework for regional planning in countries such as Kenya with a colonial heritage. Two crucial questions demanding further research focus on the need for more detailed information about the structure of the spatial-economic system of Kenya and projected directions of its future evolution. Need for greater co-ordination between regional physical and sectoral economic planners is evident.

The role of information as a factor perpetuating and even extending commercial primacy has been shown. The superior information environments of capital cities in underdeveloped countries have been further enhanced (after independence) because of political vicissitudes and the frequent "crisis of confidence" that ensue. Planners who envisage to decentralize growth from primate cities by redirecting it towards designated growth centres in very mechanistic terms, must take into account the important role of information as a location factor. This is one of the developmental aspects that merits further research.

The present study made reference only marginally to the dynamic inter-relationships between wholesaling and other sectors of the economy such as manufacturing. Since investments in manufacturing are frequently derived from profits of the merchant middlemen and since most of the manufacturing industry is closely related to wholesaling (e.g., import substitute industry), these relationships have significant locational implications in the dynamics of urban development in underdeveloped countries and thus would merit the attention of researchers and policy-makers alike.

Another problem facing Kenya today, to which some of the findings of the present study are deemed relevant, is the current policy of "Africanizing" the economy of Kenya. The role that Indians have played in the development of long-distance trade networks in East Africa has been elaborated on in detail in the preceding chapters. It has been shown that, for instance, the evolution and organization of this trade was to a large degree a function of the Indian communal and kinship networks. This trading system, which has been built up over the past hundred years, is today in the process of being radically modified by the planned "Africanization" of the economies of Kenya, Uganda and Tanzania. One of the most important factors that will determine the success of this policy is the extent to which the African entrepreneurs will be able to develop new, and/or adapt to established, links required for the organization of this trade. This constitutes a serious problem about which little is known and which calls for substantial research input into policy formulation.

In this study, one aspect of the colonial spatial system has been analyzed in detail. A conceptual framework was established for this examination in order to make clear the broader relevance of the study to the related work that has been done by others. It is hoped that a small contribution has been made to the meagre knowledge in this specific field of geography and that this study will serve to stimulate research about other related aspects of the colonial spatial system.

APPENDIX A

SOME NOTES ON THE INFORMATION SOURCES FOR THIS STUDY

In view of the fact that literature on the economic history of Kenya, particularly pertaining to commercial organization, is virtually non-existent, a wide variety of other information sources had to be consulted for this study. As expected, some of these sources proved of marginal value, while others provided useful background information.

The following is a listing of the information sources consulted by the author with a brief commentary on the problems encountered.

(I) The Kenya National Archives

Most of the archival material available in Kenya, hitherto scattered in the provincial and district offices, has been assembled at the Kenya National Archives located in Nairobi and is fairly well catalogued. The following sections of the archives were consulted:

(a) District Annual Reports. Most district reports are dated after 1910, and they are an important source of data on trade and urban development at the local level. Although there are gaps in the series, these reports provide a fairly comprehensive country-wide coverage. Nyanza, Central, Masai, Machakos and Coast Provinces are covered fully. Some of the Rift Valley reports are missing (some reports having been burnt, lost or misplaced), and only a selected number of those of the Northern Frontier District (NFD) were useful. The biggest drawback is that all these reports are lacking comparability, consistent depth and quality, either districtwise and/or over a time period for the same

APPENDIX A (Cont'd)

district since they were written by officials with varying backgrounds. Those reports dealing with the former African areas are a good information source on the impact of trade on urban economic development in the respective districts. On the other hand, reports dealing with the European settled districts proved very disappointing as they tend to be concerned mainly with the climatic, labour and economic difficulties facing European farmers in the respective districts.

(b) Provincial Annual Reports. An attempt was made in this case to have as comprehensive a coverage as possible including the NFD. Again, the Rift Valley section of the series is not complete for reasons stated above. Like the district reports, the provincial reports are of varying depth and quality, and in a few cases, they are mere summaries of district reports.

(c) Departmental Reports. In addition to the Annual Reports for the Colony and Protectorate of Kenya available since its formation in 1895, complete series of the following individual departmental reports were consulted: Annual Reports of the Native Affairs Department, Annual Trade Reports of the Customs and Excise Department, and some of the Agriculture Department Annual Reports, particularly for the period after 1920.

(d) Official Correspondence, Reports of Government Commissions, etc. The correspondence, although widely scattered and poorly catalogued, proved valuable in providing insights into the organization and problems of marketing, the issue of urban development and other related economic matters.

APPENDIX A (Cont'd)

(2) Land Registry, Ministry of Lands and Settlement

The land registry at the Land Office in Nairobi contains detailed and a vast amount of information on land holdings for all gazetted urban centres in Kenya. These data would be most useful for detailed microstudies on growth of individual urban centres; however, most of the files for the early period (before 1920), when a number of policy decisions relating to urban development in Kenya were made, are at the moment stacked up uncatalogued and hence were not accessible.

(3) The Railway Archives

Annual Reports of the Kenya-Uganda Railway for the period 1908 to 1939 were used to obtain the tonnage data on inward and outward railway traffic for each station for representative years during the study period. Most of the railway files, except for Annual Reports, are not yet catalogued.

(4) Parliamentary Debates

The proceedings of the Kenya parliamentary debates (1926-1939) proved particularly illuminating regarding the growth of settler marketing agencies as well as the conflict between the Mombasa and Nairobi commercial interests in Kenya.

(5) Newspapers

The 'Leader' (1906-1926) and the 'Kenya Weekly News' (1928-1939) provided useful insights into the growth of settler trade and marketing institutions, particularly since the records of the Kenya Farmers

Association (KFA) were inaccessible. The Mombasa Times (1919-1939) largely reflected the interests of the commercial community of Mombasa. The East African Gazette (1895-1939), a weekly government publication, provided data on the legislative and administrative background to the development of the colony.

(6) The Map Office in the Survey Branch (Survey of Kenya)

This Office has a large collection of historical maps of the important urban centres of Kenya today. These maps were consulted for this study.

(7) Miscellaneous Sources

During a six week stay in London, England, the author collected some very useful data from sources such as old business directories, British Board of Trade Reports on Kenya and many of the earlier reports and publications not available in Nairobi. The business directories, catalogued in the text, have proved to be particularly valuable. These sources are available in the Royal Commonwealth Society Library, the British Museum and the London School of Economics Library. The library of the University of Nairobi, the Mcmillan Library and the library of the Ministry of Agriculture, all located in Nairobi, also have useful collections of published and some unpublished material.

(8) Personal Interviews

The author interviewed about forty pioneer Indian traders still resident in western and central Kenya and in Nairobi and Mombasa. The data obtained proved to be of very varying quality. (The recollection of many of these individuals, regarding especially the marketing controversy during the 1930-40 decade, proved to be rather elusive.)

APPENDIX B

LIST OF COMMERCIAL FIRMS IN MOMBASA AND NAIROBI: 1936

Name of Firm	Major Interests.	Branches*
I. MOMBASA BASED FIRMS		
Smith Mackenzie & Co.	Import/Export; Shipping and General Agents	Z,N,T,D, K,L,Li
Boustead & Clarke Ltd.	General Merchants; Commission Agents; Import/Export	N,Ks,K,J, Mw,B,D,T
Mombasa Bonded Warehouse	Clearing/Forwarding Agents	
Twentsche Overseas Trading Co. Ltd.	Import/Export	Z,K,D,T, B,Mw
African Mercantile Co. Ltd.	General Merchants; Import/Export; Manu. Repres.	Z,T,D,N, Nk, K, J
Japan Cotton Trading Co. Ltd.	Cotton Ginners; Import/Export	K,J,D
Woermann Brock Co.	Import/Export	K
Ogdens & Madeleys Ltd.	Import/Export	Z,N
Van Velles Overseas Trading Co.	Import/Export	
Wm. Oswald & Co.	Import/Export	K,D
Blackhurst & Barnett Ltd.	Import/Export; Manu. Repres.	
Old E. Africa Trading Co.	Import/Export	N,K,Ks,B,Mb, J,Mw,D,T,etc.
Societa Coloniale Italiana	Import/Export; Shipping & Commission Agents	
R. S. Campbell & Co.	Import/Export; Manu. Repres.	
Martin Falk Ltd.	Import/Export; General Merchants	D,K
F, Arthur Bemister	Clearing/Forwarding Agents; Commission Agents	

*KEY

N = Nairobi	A = Arusha	B = Bukoba
M = Mombasa	Ms = Moshi	Mw = Mwanza
E = Eldoret	T = Tanga	Ks = Kisumu
Kt = Kitale	J = Jinja	Mb = Mbale
Nk = Nakuru	K = Kampala/Entebbe	L = Lamu
D = Dar es-Salaam	Z = Zanzibar	Li = Lindi

APPENDIX B (Cont'd)

E. M. Cornwall	Insurance Agent	
Souza, Junior & Dias	Wholesale/Retail Provision Merchants	N,K,J
Sutherland & Co.	Clearing/Forwarding Agents; Commission Agents	
Hansing & Co.	General Merchants; Commission Agents; Import/Export	
Jaffer Dewji & Co.	Import/Export; Commission Agents	N
Sheriff Dewji & Sons	General Merchants; Commission Agents	
Husein Suleman Virjee & Sons	General Merchants; Commission Agents	N, K
Walli Hasham & Co.	General Merchants; Commission Agents	N, Ks
C. G. Affonso	Manu. Repres.; Commission Agents	
W. Springett & Co.	Shipping & Commission Agents	
C. D. Patel & Sons	Dealers in Photographic Materials	
Pandya Ltd.	Importers; Manu. Repres.	
V. Mendonca & Bros.	Produce Brokers; Clearing/Forwarding, Shipping and Commission Agents	
Mortiboys, Nicholas & Co.	Importers; Manu. Repres.	N,Z,D,J,Mw T,B,Ks,Mb
Nanji Kalidas Mehta	Cotton Ginners; Exporters	K, J
Uganda Commercial Co.	Cotton Ginners; Exporters; Brokers; Commission Agents	K
The Kampala General Agency	Cotton Ginners; Exporters	K,Mw,Mb
Vithaldas, Haridas & Co.	Cotton Merchants; Cotton Ginners; Import/Export	J, K
Products Corporation Ltd.		Z, N
D & A Angelopoulous		
Central Stores		
H. White, Wilson & Co.		
BEA Corporation Ltd.	Import/Export; General Merchants	N,J,Ks,K, Mb,etc.
F. Hasanali & Co.		
L. Frigerio & Co.		N
L. Besson & Co.	Importers	Z,N,K,J,T
Scott Ellis & Co.		

APPENDIX B (Cont'd)

Allen Wack & Shepherd Ltd.		
Karimjee Jivanjee & Co.	Piece Goods Merchants	T, D
A. M. Jivanjee & Co.	General Merchants	Z, D, N
W. J. Bridle		
East Africa Agency Ltd.		
Bombay Africa Trading Co. Ltd.		
Afranas N. V. Afrika Handels Associate		
Esmailjee Jivanjee & Co.	Importers; Commission Agents	Z, T, D
British American Tobacco Co.		
M.G.E. Kapacee & Sons	Fancy Goods Merchants	
Central African Trading Co.		
Copley & Dawson Ltd.		
Bordoni & Boffi	Hides & Skins Merchants	
Mombasa Co-operative Export and Import Co.		
Parenti, Emilio		
Tanfani & Carter		
Abdulla Suleman Damji		N
Alibhai Esmailjee		
M. H. Jaffer		
Nasser Virji		
W. L. Ingle Ltd.		
Abbas Bros.	Cotton Piece Goods Merchants; Buying Agents; General Merchants	Z
Hardware & Iron Mongery Ltd.	Hardware Merchants; Cotton Piece Goods Merchants	
Tayebali A. Husein & Co.	General Merchants; Cotton Piece Goods Merchants	
Everand Trading Co. Ltd.	Buying Agents; General Merchants	
Abdulah Jivaji & Co.	Produce Exporters; Cotton Piece Goods Merchants	
Kasamali Merali	Coffee Merchants; Brokers	
Shah Devchand Fulchand & Co.	Dealers in Maize; Coffee Merchants; Brokers	
Abdulla Jaffer Dewji	Manu. Repres.; Commission Agents	

APPENDIX B (Cont'd)

Doshi & Co.	Commission Agents
Haji Ebrahim H. Essak	Commission Agents
Javer Shivji & Co.	Commission Agents; Import/Export
Jethabhai Oil Mills	General Merchants; Commission Agents
Kasamali Merali	Commission Agents
H. Modi & Co.	Import/Export; Commission Agents
Nasser Gulamhusein	Commission Agents
Moshi Trading Co.	General Merchants; Commission Agents; Import/Export
Odhavji Purshotam & Bros.	Commission Agents
Valli Rahemtulla	Commission Agents
Maneklal Popatbhai Dalal	Cotton Brokers
Kalidas Kanji & Co.	Cotton Piece Goods Merchants
Tayebali Mulla Damji	Cotton Piece Goods Merchants
Jamal Ramji & Co.	Cotton Ginners
A. H. Kaderbhai	Cotton Ginners
Esmailji Sheikh Esaji & Sons	Cotton Piece Goods Merchants
M. Maganlal & Co.	Cotton Piece Goods Merchants
Shah Bros.	Cotton Piece/Fancy Goods Merchants
Adam Issak & Bros.	General/Fancy Goods Merchants
Adamji & Co.	General/Fancy Goods Merchants
Akberali Peermohamed & Co.	Fancy Goods Merchants
Alimohamed Haji Adam & Sons	General Merchant; Fancy Goods Merchants
B. K. Choitram	Fancy Goods Merchants
Chandoomal Parmanan	Fancy Goods Merchants
Freita Roq & Co.	Fancy Goods Merchants
Haji Ebrahim Haji Adam	General/Fancy Goods Merchants
Sheriff Devjee & Sons	General Merchants
K. Kurmaly	Fancy Goods Merchants
Meghjee Ladha & Co.	Fancy Goods Merchants
E. A. Mertens	Fancy Goods Merchants
Shah Store	Fancy Goods Merchants
Mombasa Milling Co.	Flour Millers
Alibhai Panju & Sons	General Merchants; Commission Agents

APPENDIX B (Cont'd)

Amin Ambhalal	General Merchants; Commission Agents
Bandali Bhanji	General Merchants; Commission Agents
Devchand Keshavji	General Merchants; Commission Agents
Dharamshi Khimji	General Merchants; Commission Agents
Dayalal Chakoo	General Merchants; Commission Agents
Ebrahim Ganji & Bros.	General Merchants; Commission Agents
Gopal Manji & Sons	General Merchants; Commission Agents
Haji Mitha & Co.	General Merchants; Commission Agents
Lakhamshi Nathoo	General Merchants; Commission Agents
Odhavji Purshotam & Bros.	General Merchants; Commission Agents
Popatbhai Motichand	General Merchants; Commission Agents
Tejpar & Co.	General Merchants; Commission Agents
Mombasa General Agency	General Merchants; Commission Agents
Bhanji Jetha	General Merchants
Gandhi & Co.	General Merchants; Manu. Repres.; Imports/Exports
Gujrat Stores	General Merchants
Lakhamshi Kanji	General Merchants
Kasamali Merali	Importers/Exporters
Nasser Ratansi & Sons	Importers/Exporters
R. H. Paroo	Importers/Exporters
Punater & Co.	Importers/Exporters
Rawji Amersi	Importers/Exporters
Shah Jiwa & Co. Ltd.	Importers/Exporters
Vellani & Co.	Importers/Exporters; Manu. Repres.
Dharamshi Fazal & Co.	Fancy Goods Importers
Ambalal Emporium Ltd.	Piece Goods Merchants
Bhaichand Vallabji & Co.	Importers/Exporters
Shah Nemchand Fulchand	General/Piece Goods Merchants
Shah Javelbhai Dosabhai	Piece Goods Merchants
Kasam Suleman Damji	Produce Merchants
Mulchand Visram & Sons	Produce Merchants
Motichand Hirachand	Produce Merchants
Vallibhai Yusufali	Produce Merchants

APPENDIX B (Cont'd)

Walimohamed Walji	Produce Merchants
W. G. Reid & Co.	Produce Brokers
Dharsi Ambabhai	Produce Brokers
Abdulhusein Nurmohamed	Manu. Repres.
A. P. Volmer	Manu. Repres.
G. A. Datoo & Sons	Valuers; Land & Estate Agents; Auctioneers
Jubin Kuruneru & Co.	Importers/Exporters; General Merchants; Commission Agents
Abdulla Kanji	General Merchants; Commission Agents
J. J. Mandavia	General Merchants
M. Maganlal & Co.	General Merchants
Manji Rahemtulla	General Merchants
Megjee & Sons	General Merchants
Megjee, Ranchod & Bros.	General Merchants
Modhi Gordandas Tulsidas	General Merchants
Mohamed Jaffer Dharamshi	General Merchants
Mohanlal Dhanji Vora & Co.	General Merchants
Narotam Purshotam	General Merchants
Rajah Lalji & Sons	General Merchants
Rughonath Gokaldas & Co.	General Merchants
Samji Kaka	General Merchants
Shah Raghavji & Co.	General Merchants
Shah Virchand Devji & Co.	General Merchants
Sunderji Nanjee	General Merchants
Damodar Karsanji Parekh	Importers/Exporters
Bradbury Geo.	Manu. Repres.; Commission Agents
J. T. Chitendeni	Manu. Repres.
Husein Esmail Bros.	Manu. Repres.
A. A. Parpia	Manu. Repres.
Colonial Shipping & Forwarding Agency	Forwarding Agents
Costa Senior & Co.	Forwarding Agents
Dass & Co.	Forwarding Agents
Dimech & Co.	Forwarding Agents

APPENDIX B (Cont'd)

J. S. Hooker	Forwarding Agents
Kenya General Agency	Forwarding Agents
Mohamedali Tayebji	Forwarding Agents
K. D. Rawal & Co.	Forwarding Agents

Shipping Companies at Mombasa (the name in brackets indicates the agents)

British India Steam Navigation Company Ltd. (Smith Mackenzie & Co.)
Holland Africa Line
Messageries Maritimes
Union Castle Mail Steamship Company Ltd.
Maritima Italiana (Societa Coloniale Italiana)
Coaswjee Dinshaw and Bros.
Zanzibar Government Steamers
Clan Ellerman Harrison Line (African Mercantile Co.)
Doal Line

II. NAIROBI BASED FIRMS

Express Transport Co. Ltd.	Transport/Forwarding/Shipping Agents	M
Kenya Grain Mills Ltd.	Wheat Millers	
East African Estates Ltd.	Planters/Managing Agents	
Kodak (East Africa) Ltd.	Wholesale/Retail Chemists and Druggists	Nk,M,E,Kt D,A,Ms,T,J,K,
Beliram, Parimal & Co.	Wholesale/Retail Provision Merchants	M
Beales & Smithson	Land/Estate Managing Agents; Manu. Repres.	
Reliance Transport Co.	Transport Agents	
Brooke Bond (East Africa)	Tea Distributors	M
S. Jacobs Ltd.	Wholesale/Retail General Merchants	
R. B. Duncan	Provision Merchants	A
J. W. Milligan & Co.	Export/Import Merchants; Produce Brokers; Land/Estate/Managing Agents	A,Ms
Gailey & Roberts Ltd.	General Merchants; Agricultural Machinery; Manu. Repres.; Produce Brokers	Nk,E,D, J,K

APPENDIX B (Cont'd)

Motor Mart & Exchange Ltd.	Motor Vehicle Distributors	Nk,D
J. H. S. Todd & Co. Ltd.	General Merchants; Manu. Repres.	
Nestle & Anglo Swiss Milk Co.	Importers of Condensed Milk	M,Z,T,D, Ms,B,Mw, K,J,Ks
Stephen Ellis & Co.	Hardware Merchants; Manu. Repres.	
Blacklaws & Brown (late Mackinon Bros.)	Wholesale/Retail Provision Merchants	
Wunhurst		
Tyson Bros.	Importers/Exporters; Managing Agents; Secretaries/Insurance Agents	
Taws Ltd.	Importers of stationery & Fancy Goods; Manu. Repres.	
Leslie & Anderson Ltd.	General Merchants	
Lockhead, Moore & Roy Ltd.	Importers of Electrical & Mechanical Appliances	
Kenya Agency Ltd.	Manu. Repres.; Provision Merchants	
Haartz & Bell Ltd.	Importers of Sanitary Appliances	
Keetles & Roy Ltd.	General Merchants; Manu. Repres.; Forwarding Agents	M,K,D
Anglo Baltic Timber Co.	Importers of Building Materials	M
M. D. Kampf	Insurance/General/Commission Agents; Manu. Repres.	
G. North & Son Ltd.	General Merchants; Importers of Agricultural Machinery	E,N,A
R. G. Vernon & Co.	Import Merchants; Land Agents; Manu. Repres.	
International Harvester Co.	Dealers in Agricultural Implements & Farm Machinery	
May & Co. Ltd.	Dealers in Athletic & Sports Goods	
Epstein & Co.	Wholesale/Provision Merchants; Manu. Repres.	
Safariland Ltd.	Financial, Insurance & General Agents; Safari Outfitters	
A. H. Wardle & Co. Ltd.	Wholesale/Retail Merchants	M,E,T,D,K
Rand, Overy & Maxwell	Civil Engineers; Manu. Repres.	
Ross & Elliot	Manu. Repres.	D
Denovan & Diebel	Land/Estate Agents; Importers; Manu. Repres.	

APPENDIX B (Cont'd)

Thorton & Turpin	Dealers in Sanitary Appliances	M
Shaw & Hunter Ltd.	Safari Outfitters; Manu. Repres.; Seed Merchants	
H. W. Sear Ltd.	Dealers in Agricultural Implements	Nk,E,Kt
P. Phillips	Manu. Repres.	
Moulton & Morrison Ltd.	Importers of Motor Vehicles & Parts	
J. H. Clarke	Manu. Repres.	M
A. Ambrose Smith	Insurance Agents; Manu. Repres.	
Simpson & Whitelaw	Seed Merchants	
Austin & Co.	Auctioneer; Valvers; Land/Estate Agents	
International Trading Co.	Manu. Repres.	
E. Hutchinson & Co.	Auctioneers; Land/Estate Agents	
Eadies Footwear Ltd.	Footwear Dealers	Nk,E,Kt,M
Brown & Barratt	Estate/Commission/Insurance Agents; Manu. Repres.; Produce Brokers	A,Ms
A. White Ltd.	Chemists	
Cameron & Co.	General Importers	
General Agencies Ltd.	Manu. Repres.; General Merchants; Commission Agents	
East Africa United Trading Co.	Importers/Exporters	
G. Neuman	Manu. Repres.	
Lamberts Ltd.	Hardware/Machinery/Tool Merchants	
M. Rosenblum & Co. Ltd.	General Merchants; Importers; Produce Merchants	
H. K. Binks	Photographer; Manu. Repres.	
Foster & Blowers	Produce Merchants	
Lalji Visram & Co.	Importers of Building Materials	
Allibhai Sheriff & Son	Importers; General Merchants	
Kirparam & Sons	General Merchants; Produce Dealers; Commission Agents	
Kanji Naranjee	Wholesale/Retail/Provision Merchants	M
Erskine & Duncan Ltd.	General Merchants	
Imtiazali & Sons	Importer/Exporter; Millers; General Merchants	
Carr Lawson & Co. Ltd.	Importers of Motor Vehicles	Nk

APPENDIX B (Cont'd)

Kala Sidi	Fancy Goods Merchant	
East Africa Agency Ltd.		M,Z,D,T,etc.
Bulloy & Roy Ltd.	Hardware Merchants	K
Cook & Son Ltd.	Forwarding Agents	
M. R. Desouza & Co.	General Merchants	
W. B. Kerr & Co.	General Merchants	
J. R. Parikah	General Merchants	
Mehta & Co.	General Merchants	
Premchand Bros.	General Merchants	
Rawji Mawji & Co.	General Merchants	
Savji Bros.	General Merchants	
Sethi & Co.	General Merchants	
Shah Devraj Hirjee	General Merchants	
Shah Lakha Jivraj	General Merchants	
Shah Lalji Ladha	General Merchants	
Shah Premchand Raja	General Merchants	
Shah Vaghji Pethraj	General Merchants	
Shah Virchand Devjee & Co.	General Merchants	
Premchand, Raichand & Co.	General Merchants, Produce Dealers	N,M,Ks, etc.
Shamjee Harjee	General Merchants	
M. A. Taybjee	General Merchants	
Vanmali Hirjee	General Merchants	
Mitchell Cotts & Co. (E. Africa) Ltd.	Export/Import; Produce Brokers	Kt
Karman Mepa & Co.	General Merchants; Piece Goods Merchants	
J. G. Aronson Ltd.	Coffee Merchants; Brokers; Estate/ Commission Agents; Produce Exporters	
T. Ballard & Co.	Coffee Merchants; Brokers; General Merchants	
Dalgety & Co. Ltd.	Produce Brokers; General Merchants; Buying Agents	
Ferguson, Holmes & Co. Ltd.	Coffee Merchants; Brokers	
Gibson & Co. Ltd.	General Merchants; Produce Brokers; Commission Agents; Import/Export	M,E,D

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APPENDIX B (Cont'd)

Graham Bell	Coffee Merchants; Brokers
Mackinon & Co. Ltd.	Coffee Merchants; Brokers
Neumann Gepp Deupschmann & Co.	Coffee Merchants; Brokers
Richardson, Tyson & Martin Ltd.	Coffee Merchants; Brokers
R.E. Smith & Co. Ltd.	Coffee Exporters; Produce Brokers
Bhagwanji & Co.	Commission Agents; General Merchants
Japan Bazaar	Cotton Piece/Fancy Goods Merchants
Shah Narshi Karamshi & Sons	Fancy Goods Merchants
Krishna & Co. Ltd.	Flour Factors & Merchants
Unga Ltd.	Flour Factors & Merchants
Capital Flour Mills	Flour Millers
Kenya General Agency	Flour Millers, Manu. Repres.
Liladhar Naranji Lakhani	General Merchants; Commission Agents
The National Trading Co.	General Merchants; Commission Agents
Ambhalal Madhabhai & Co.	General Merchants
Bharmal Bros.	General Merchants
Desai & Mehta	General Merchants
Dharamshi Hemraj	General Merchants
Gosar Parbhat	General Merchants
Harji Devraj	General Merchants
Hiragar Motigar	General Merchants
P. D. Joshi	General Merchants
Karamshi & Co.	General Merchants
Khevji Parbhat & Co.	General Merchants
Importers Ltd.	Importers/Exporters
Colonial Blankets Syndicate	Piece Goods Merchants
E. African Blanket Syndicate	Piece Goods Merchants
Hussein Bros.	Piece Goods Merchants
Karamshi Meghi & Co.	Piece Goods Merchants
Lakhamshi Rajshi	Piece Goods Merchants
Shah Lakhamshi [illegible]	Piece Goods Merchants
Shamji Raghavjee	Piece Goods Merchants
Utam Chand & Sons	Piece Goods Merchants

APPENDIX B (Cont'd)

Gen. Trading & Produce Co.	Produce Merchants
Jamal Mohamed Munjee	Produce Merchants
Kassam & Karmali	Produce Merchants
Lahari Ram & Co.	Produce Merchants
Liladhar Dharamshi & Bros.	Produce Merchants
Punja Jivraj & Bros.	Produce Merchants
Rahim Jivraj & Co. Ltd.	Produce Merchants
Rammal & Sons	Produce Merchants
Shah Kachra Dharamsi	Produce Merchants
J. A. Shukla & Co.	Produce Merchants
Virpal, Vrajpal & Co.	Produce Merchant
Baumann & Co.	Produce Brokers & Agents
Sands & Co.	Produce Brokers
African Representatives Ltd.	Manu. Repres.
Buchulal Gathani	Manu. Repres.; General Merchants
J. Burns	Manu. Repres.
Graham Dawson	Manu. Repres.
R. O. Hamilton Ltd.	Manu. Repres.
International Trading Co.	Manu. Repres.
J. A. Johnson	Manu. Repres.
National Trading Co.	Manu. Repres.
Plum Jos	Manu. Repres.
F. Strange	Manu. Repres.
F. A. Taylor	Manu. Repres.
Townsend Mason & Co.	Manu. Repres.
Universal Export Co.	Manu. Repres.
C. Wilson	Manu. Repres.
The Service Co. Ltd.	Distributors of Ford Vehicles
S. Jacobs	General Merchants
Shah Premchand & Bros.	General Merchants
Muter & Oswald	Auctioneers; Estate Agents; Valvers
H. P. Vontan	General Merchants
B. O. Blunden	Manu. Repres.
L. Clough	Manu. Repres.

APPENDIX B (Cont'd)

J. R. Del Burgo	Manu. Repres.
H. J. Diebel & Co.	Manu. Repres.
S. Eric Duncan	Manu. Repres.
A. C. Francis & Co.	Manu. Repres.
A. H. Hadlow	Manu. Repres.
P. Hirst	Manu. Repres.
Jetha Overseas Trading Co.	Manu. Repres.
Mulji Jetha	Manu. Repres.

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